

FINANCIAL TIMES

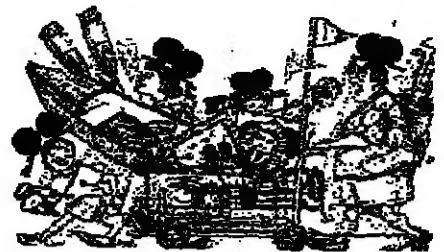
Weekend FT

The birth of the leisure ethic

SECTION II

World Business Newspaper

WEEKEND JUNE 22/JUNE 23 1996



Goran Ivanisevic:
The ace from Croatia



Pleasures of
Greek cuisine



American Airlines deal with BA may face merger probe

The alliance between American Airlines and British Airways suffered a potential setback when John Bridgeman, director-general of the UK's Office of Fair Trading, said the tie-up amounted to a merger which might have to be investigated by the Monopolies and Mergers Commission. Both airlines said they were happy for their proposed alliance to be investigated. Page 22 and Lex

Seagate fights \$300m Amstrad damages suit

Amstrad, the UK-based consumer electronics group, resumes a \$200m (\$306m) battle for damages at the High Court in London next week in a dispute with one of the world's leading computer component manufacturers, Seagate Technology. Amstrad claims Seagate supplied it with faulty hard disk drives for its computers in 1988 and 1989. Page 4

Lloyds of London warned it may have to exclude US Names from the insurance market's recovery plan, which includes a \$3.1bn (\$4.7bn) out-of-court settlement offer. Page 22

Stocks in UK down after subdued week

A survey by the Confederation of British Industry, which gave further evidence of a slowing UK economy, lifted gilts but had no significant effect on equities. Despite predictions, the expiry of FT-SE 100 and FT-SE Mid 350 futures and FT-SE 100 index options failed to excite the market. The FT-SE 100 index closed down 5.2 on the day at 3,722.3. In a week affected by a series of national sporting events, the index fell 31.3 points. Page 19; Lex, Page 22; Markets, Weekend FT Page XX

Railtrack starts roadshows for bonds: Railtrack, the recently privatised rail company which owns track, signalling and stations in England, Wales and Scotland, began investor roadshows for the sale of two bonds worth £250m. Page 6

Walt Disney has reinforced its ABC television management by appointing as president of ABC Entertainment Jamie Tarses from NBC, the leading US TV network. Page 5; Warner opens animation studio. Page 4; Screened for viability. Page 9

Davy International executive ousted: Davy International, part of Kraemer, the Norwegian engineering and shipbuilding group, has dismissed a senior executive for allegedly leaking confidential contractual and technical information to VAI, the Austrian civil engineering company. Page 5

Environetel is meeting with banks ahead of its annual meeting in Paris next week in an attempt to agree a refinancing plan, expected to involve the banks swapping part of their £6.5bn (\$10.3bn) debts for an equity stake in the company. Page 6

Appointments at Italian electric giant: Italy's centre-left government appointed an environmentalist and former communist as chairman of Enel, the state-owned electricity company, and prepared to replace its chief executive with a noted cost-cutter recruited from Silvio Berlusconi's publishing company. Page 3

Lucas chief expected to join GEC: George Simpson, chief executive of Lucas Industries, is expected to succeed Lord Weinstock as managing director of the General Electric Company a few days after GEC's annual meeting. Page 5

AFG stake sale hits Glaxo: Shares in Belgium's Glaxo, Europe's third-largest glass-maker, fell 15p to 187.50 after it said it was selling its stake in AFG Industries, North America's second-biggest flat glass maker, to its own majority shareholder Asahi Glass of Japan for 187.50p (\$306m). Page 6

Russell century lifts England: England wicketkeeper Jack Russell scored 124 to help his side to a first innings total of 344 in the second cricket Test against India at Lord's. By the close of the second day's play, India had made 82-3 in reply.

Companies in this issue		
American Airlines	22	Kraemer
Assoc British Eng	6	Latham (James)
BBA	6	Lucas Inds
Blakes Menwear	6	Miror Group
Blue Circle	22	Nitendo
British Airways	22	Photobion
Caledonian Publishing	6	Pioneer
Cambridge Water	6	Quality Care Homes
Century Newspapers	6	Radio Edinburg
Clinical Medical	6	Railtrack
Electro In Trust	6	Reif Africa Hldgs
Eurotunnel	6	Royal Insurance
Formal	6	Scottish Power
GEC	6	Seagate
GWR	6	Southern Electric
Glaxo	6	Southern Water
Holistic Systems	6	Sumitomo
Jarvis Hotels	6	Trafalgar House
Kalamazoo Computer	6	UPF
Kingsfisher	6	Vant
	6	Walt Disney
	6	Whitard

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Deal outlines phased lifting of ban ■ UK ends non-cooperation policy

EU resolves crisis over exports of British beef

By Lionel Barber, Robert Graham and Robert Peston in Florence

The crisis in relations between Britain and the European Union was defused yesterday after an arduous Italian compromise which left all sides claiming a partial victory in the beef war.

The deal provides for a step-by-step lifting of the EU-imposed ban on British beef exports and ends the UK's policy of non-cooperation with EU business.

However, the compromise, reached on the opening day of the European summit in Florence, left Mr John Major, the British prime minister, with the tough job of selling the deal to his party's Eurosceptics.

Mr Major claimed the deal vindicated his high-risk policy of blocking more than 70 EU decisions, while British officials said the UK had extracted concessions on the sensitive issue of selling beef to non-EU countries. The main prospective purchaser is South Africa.

"Leaving this problem to fester and go on would have been the worst thing for the UK and its partners," Mr Major said last night.

The European Commission rejected charges that the EU had retreated to accommodate Mr Major's domestic political difficulties. Under the agreement, the Commission will consider requests from any non-EU coun-



John Major is toasted by Dutch premier Wim Kok (left) and German chancellor Helmut Kohl

tries for permission to import British beef. But any sale will remain subject to scrutiny by scientific and veterinary experts in Brussels.

Mr Dick Spring, Irish foreign minister, supported the Commission's interpretation. "My conclusion is that it is extremely

unlikely that British beef will be exported to third countries before there has been a step-by-step lifting of the ban to the EU."

Ireland takes over the rotating EU presidency from Italy in July and will be responsible for the follow-up during the crucial interpretative phase of yester-

day's agreement, which offers no timetable for lifting the ban.

Officials in several EU countries predicted difficult political bargaining, despite the broad

Continued on Page 22
Grain aid cuts, Page 4
Not yet peace in our time, Page 6

Sumitomo faces losses of up to \$4bn

By Kenneth Gooding and Nicholas Denton in London

Sumitomo Corporation is facing losses of as much as \$4bn in the copper market, more than double the group's first estimate of \$1.8bn, according to traders who expect to profit from the Japanese group's problems.

The traders estimate that Sumitomo has more than 2m tonnes of copper - about 20 per cent of the total used in the western world each year - to sell.

However, it emerged yesterday that Sumitomo had already closed out the bulk of its huge, loss-making copper futures positions in a secret transaction in which Union Bank of Switzer-

Japanese group in secret copper transaction with UBS

land acted as intermediary. UBS, the largest Swiss bank, took over management of about \$1bn worth of Sumitomo's futures contracts on June 7, a week before the Japanese trading company announced losses on trading by Mr Yasuo Hamanaka, its senior copper trader.

Traders suggested that most of Sumitomo's losses were run up in the past few weeks as Mr Hamanaka fought a losing battle against some aggressive "short selling" by organisations betting the copper price would fall. Since copper reached a 1986 peak of \$2.715 a tonne in mid-May the price

has fallen by more than \$800.

One trader insisted: "It is inconceivable that others at Sumitomo did not know what [Mr] Hamanaka was up to."

Nevertheless, it was clear the Japanese group did not know exactly how much metal it had in stocks around the world. "Hamanaka did so many side deals," the trader said.

Other traders said not all the copper would be surplus to Sumitomo's requirements.

It would have customers for much of it and this would be properly hedged.

Most of Sumitomo's future con-

tracts were due to expire in June or July and were held by a dozen brokers on the London Metal Exchange on behalf of Global Metals and Minerals, a New York-based trading house which was acting for Sumitomo.

Sumitomo transferred the contracts because Global had experienced difficulties in coming up with extra cash to meet the higher deposits demanded by those it was trading with in volatile market conditions.

The involvement of a large financial institution such as UBS was intended to reassure the market that the futures

contracts would be honoured. UBS demanded collateral in cash to protect itself against the risk that Sumitomo would default and leave the Swiss bank to suffer the losses on the futures positions as the market fell.

Most of the futures contracts were released to the exchange in a single transaction earlier this week. It is believed Sumitomo cancelled out its positions with some of the organisations which had bet on a fall in the market and wished to cash in their winnings.

"We were active in stabilising the market," UBS said. "But we have no exposure any more."

Commodities, Page 7

California court rules against three-strike sentencing

By Christopher Parkes in Los Angeles

California's Supreme Court has undermined the state's draconian "three-strikes" law, under which judges are obliged to impose sentences of 25 years to life imprisonment on third-time offenders.

The ruling, agreed unanimously by the seven-judge panel, said judges retained the power to spare convicts long sentences by overlooking former convictions.

The move, which some critics said could swamp the criminal courts with 20,000 appeals, enraged leading state politicians. Mr Pete Wilson, Republican state governor, led the outcry against the court, which is dominated by conservatives from his own party. "We cannot tolerate a situation which permits judges who are philosophically unsympathetic or politically disinclined to three strikes to reduce the strong sentences voters intended to impose on habitual criminals," he said.

Mr Bill Jones, California's secretary of state, said the decision was "disgusting".

Together with the Alabama state governor's decision to ban chain gangs in the state's prisons, also announced on Thursday, the California move may prompt a review of mandatory sentencing and other get-tough policies.

Despite the popularity of "three-strikes and you're out" in Californian cities, the legislation, endorsed by a popular vote in 1994, has jammed already overloaded courts and effectively bankrupted the Los Angeles court system. It has also been blamed for forcing prison governors to release thousands of other convicts prematurely because of lack of jail space.

The Los Angeles County prison system is currently operating at 180 per cent of its design capacity, while a new high-technology

Continued on Page 22

Russian liberals urge party members to support Yeltsin

By Chrystie Freeland in Moscow

Russian president Boris Yeltsin yesterday appeared poised to win further support in his bid for re-election when leading liberals said they would urge members of their party to vote for him.

Officials from the liberal Yabloko party, whose leader, Mr Grigory Yavlinsky, finished fourth in the first round of the presidential election, predicted that at a congress today their organisation would formally give its support to Mr Yeltsin, who faces a run-off against the Communist challenger, Mr Gennady Zyuganov, on July 3.

"I will openly urge people to vote against Communists in the upcoming elections and I will do

my best to make sure that the congress tomorrow adopts such a stance," Mr Yavlinsky, a leading figure in Yabloko, said yesterday. "I personally think most of the parliamentary faction will speak out openly against the Communists and most will support Mr Yeltsin."

Although Mr Yavlinsky and his Yabloko party have been fiercely critical of Mr Yeltsin, leading party officials said a Communist victory would be even worse.

The Russian leader, who was narrowly ahead of his Communist rival after the first ballot, has already won over Mr Alexander Lebed, the retired general who finished third.

But some presidential aides said attracting Mr Yavlinsky's committed liberal supporters

could be even more important, because his highly-educated and politically-engaged followers could be relied on to vote.

Mr Yeltsin's decision to sack the leading hardliners in his government earlier this week might be an added incentive for Yavlinsky supporters to back the president. Although Mr Yavlinsky has not yet committed himself, he has praised Mr Yeltsin's move and said he could not back the Communists.

The Yeltsin campaign team's biggest concern in the run-up to the second round is that the summer sun and election fatigue may keep millions of voters away from the polls. A low turnout is

Man in the news, Page 9
Continued on Page 22

STOCK MARKET INDICES			
FT-SE 100	3,722.3	(-5.2)	
Yield	4.08		
FT-SE Eurotrack 100	1,585.0	(+0.08)	
FT-SE-A All-Share	1,870.8	(-0.2%)	
Nikkei	22,550.09	(+3.35)	
New York: Dow Jones Ind	5,674.94	(+15.51)	
S & P Composite	663.87	(+1.77)	
LONDON MONEY			
3-mo Interbank	5 1/4%	(82 1/4)	
Life long gilt fut: Sep 105 1/2		(Sep 104 1/2)	
US LUNCHTIME RATES			
Federal Funds	5 1/4%		
3-m Treas Bill: Yld	5.238%		
Long Bond	8 1/2%		
Yield	7.087%		
NORTH SEA OIL (Argus)			
Brent Dated	\$18.41	(16.16)	
GOLD			
New York Comex Aug	\$386.8	(38.3)	
London	\$383.05	(34.4)	
STERLING			
New York: lunchtime	\$ 1.538		
London:			
\$ 1.5402 (1.5148)			
DM 2.3547 (2.35)			
FFr 7.8814 (7.9678)			
Sfr 1.9417 (1.9343)			
Y 167.861 (166.863)			
£ Index 85.8 (85.7)			
DOLLAR			
New York: lunchtime			
DM 1.53276			
FFr 5.13025			
Sfr 1.2838			
Y 108.025			
London:			
DM 1.5389 (1.5244)			
FFr 5.1322 (5.1685)			
Sfr 1.2807 (1.2548)			
Y 108.08 (108.24)			
£ Index 97.2 (96.9)			
Tokyo Y 108.09			

CONTENTS			
News	23	Letters	8
International News	23	Man in the News	9
UK News	4	Companies & Finance	55
Weather	22	Company News	55
Lib	22	Markets	18
Features		FT-SE Accounts	18
Leader Page	8	FT/ASA Web Index	17
		Foreign Exchanges	10
		Gold Markets	7
		London SE	19
		LSE Dealings	18
		Managed Funds	11-15
		Money Markets	10
		Recent Issues	17
		Share Information	20-21
		World Commodities	7
		Wall Street	15-17
		Bourses	15-17
		Weekend FT	
		Section II	

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Summit delegates warn that Israel's stance threatens regional rapprochement

Arab leaders 'committed to peace'

By David Gardner and James Whittington in Cairo

Arab leaders meeting in Cairo this weekend will tell Israel they remain committed to the "strategic option" of peace in the Middle East, while sending a clear message to the new hardline government of Mr Benjamin Netanyahu that a regional settlement requires Israel to return all occupied Arab lands.

In the first full summit in six years, 20 Arab governments will call on Mr Netanyahu, the Israeli prime minister, to reconsider the programme he announced on assuming office this week which rules out the "land for peace" formula which has underpinned the past five years of Arab-Israeli peace-making.

The draft communiqué for the summit, which concludes tomorrow, states that peace will require Israel to return all Arab land conquered from the 1967 Arab-Israeli war onwards, including East Jerusalem, Syria's Golan Heights, and south Lebanon. It also calls on Israel to recognise the Palestinians' right to self-determination.

As one of the drafters of the summit conclusions paraphrased it, Israel is being told: "You're either in or you're out. That question is not for us to



Faris Bourez (left), Lebanese foreign minister, with Abdul-Aziz al-Dakhil, Kuwaiti planning minister, at the Cairo meeting yesterday

answer, but if you're in you will find a partner."

Arriving Arab delegates were united in declaring that the new Israeli government's policy threatened to destroy the still fragile rapprochement in the region, but emphasised they were not threatening Israel.

"We do not want to jump to any drastic decisions," said Mr

Amr Moussa, Egypt's foreign minister. "There'll be no message of a threat or warning. It will be a very clear position that it takes two partners to make peace."

In Jerusalem, however, Israel's new government is viewing the closing of Arab ranks with hostility and warned that peace was made through negotiations, not pres-

sure. "Peace is not reached through threats," said Mr David Levy, Israeli foreign minister. "There is no need to pressure Israel so that it will carry out its desire for peace. There are problems which must be clarified in an open dialogue."

The communiqué emphasises that the land-for-peace formula is the international

legal basis which underpinned successive United Nations Security Council resolutions, the Madrid peace conference of 1991, and the peace accords Israel has reached with Egypt, the Palestinians and Jordan. It appeals to the international sponsors of the peace process - the US, Russia, and the European Union - to guarantee that peace negotiations with Israel "continue on the same agreed basis".

Arab diplomats are particularly concerned about the new Israeli government's pledge to resume the expansion of Jewish settlements on Palestinian land in the West Bank and in and around East Jerusalem. "The building of settlements is not only an obstacle to peace but an illegal act," Mr Moussa pointed out.

Syria is calling for a halt to any further Arab diplomatic and trade links with Israel until there is firm progress towards peace. Although this demand to stop "normalisation" was not in the communiqué yesterday, one senior Arab official said: "There will be a much larger problem if the peace process breaks down. This thing will blow up in all our faces. You won't be able to normalise anyway."

He added: "I truly believe we are in deep trouble if we don't find a peace partner."

Tax reform hopes raise whisky producers' spirits

At Azuma, a stand-up bar in Tokyo's Ginza district, more than 200 regular customers keep bottles of their favourite whisky with their name written on the label, from which they are served.

Although the bar has not seen its customer numbers decline during the recession, it is more the exception than the rule. Since the Japanese economy suffered its worst post-war downturn, whisky producers have had a particularly difficult time encouraging consumers to take a swig of Scotch on the rocks.

The recession, a change in attitudes which has encouraged Japanese consumers to drink cheaper spirits at home, and a high tax regime that discriminates against whisky have combined to hit sales over the past six years.

But producers are hoping a ruling by the World Trade Organisation that the Japanese government must end its discriminatory tax regime will help revive their fortunes in the Japanese market, the second largest for European producers outside the European Union.

Japan's ministry of finance, which determines tax policy, is expected finally to accept international judgment and revise its liquor tax system to comply with the WTO decision, expected soon.

"For us, liquor tax reform would be extremely beneficial. It's an excellent opportunity for whisky producers," says Mr Mungo Gilchrist, marketing director of Jardine Wines and Spirits, and chairman of the European business community's liquor committee in Japan.

The WTO ruling will come nine years after a panel of the General Agreement on Tariffs and Trade ruled that Japan's liquor tax regime discriminates against imported spirits in favour of domestic products. In response to the Gatt ruling, the ministry of finance raised taxes on shochu - a Japanese white spirit made mainly from potatoes - and abolished whisky tax differentials.

Nevertheless, whisky and brandy are still taxed between four and seven times more

than shochu despite persistent pressure by both foreign and domestic whisky producers.

The authorities used to assert that shochu could not be taxed as much as other spirits as it was made mainly by small, independent distillers struggling to stay in business. But today the biggest producers are large companies like Takara Shuzo, which had sales of ¥193bn (\$1.5bn) in the last fiscal year.

Producers have no doubt that an unfair tax regime has stunted the growth of the whisky market in Japan, where shochu accounted for 77 per cent of distilled spirits consumption last year.

Domestic producers, in particular, are upset that the tax differential with shochu has remained even after taxes on lower grade whiskies were raised. Sales of domestic second grade whisky - which

competes more directly with shochu because of its lower price - have fallen 41 per cent since the tax rate nearly tripled with the equalisation of whisky taxes.

"It is clear that consumers switched to shochu at the time taxes [on lower grade whisky] were raised," says a representative of Suntory, one of Japan's largest whisky producers, which also makes shochu.

However, whisky producers admit there are other forces at work. The recession, for example, has aggravated the impact of the tax differential on consumer choice.

A survey conducted by Suntory has shown that many people want to drink whisky but are choosing shochu because of the difference in price. While a bottle of shochu can cost as little as ¥800, no brand of

whisky sells for less than ¥1,000. The spectacular growth of the shochu market, from about 12m cases before Japan's economic bubble burst to about 75m cases today, is proof enough that consumers have reacted to price, notes Mr Gilchrist.

The economic downturn has also affected lifestyles and customs, which has worked against whisky sales.

Fewer people head to the bars and night clubs for a whisky and soda after work, preferring instead to go home for a glass of beer or shochu.

The long economic downturn has also meant that institutionalised gift-giving at the year-end and in mid-summer is on the decline. Whisky used to be a common gift.

But the economic gloom does not explain it all; Japan may also be following North America and Europe in seeing tastes diversifying.

There was a strong swing from brown spirits to white spirits in North America and Europe in the 1970s, Mr Gilchrist says. This was largely due to health concerns - white spirits are generally consumed with other liquids and are therefore seen to be less alcoholic.

In Japan, the whisky boom of the 1980s has been followed by growth not only in shochu, but in drinks such as wine, gin and vodka. The shift has as much to do with the falling prices of these drinks, due to a surge in parallel imports and discount stores, as with the growth of restaurants catering to a wide range of tastes.

"It is difficult to tell whether there is room for whisky to come back to the market," a Suntory official concedes. "But we feel that if we are given a level playing field we can compete."

Mr Gilchrist is confident that when the tax discrimination is corrected there will be an adjustment in the drinks sector.

But that would be a problem for businessmen. After the government introduces fair taxation "it is up to successful marketing by individual companies".

Michio Nakamoto

Netanyahu clips wings of Likud's hawk

By Nene Prusher in Jerusalem

Mr Ariel Sharon, the hawkish former defence minister who used his influence to assure Mr Benjamin Netanyahu's place as the Israeli right's candidate for prime minister, is now finding he is losing his clout.

The dozen of the rightwing Likud party still has no ministry, several days after Mr Netanyahu formed a government and introduced his cabinet.

Now, after the messy tussle to form a cabinet, party pressures have forced Mr Netanyahu to scrape together a new ministry tailored for Mr Sha-

ron. The problem is that the new National Infrastructure Ministry would have an amalgam of duties, taken from at least four existing ministries. And several of Mr Netanyahu's ministers, some of them lacking power for the first time, are unwilling to relinquish control over their domains.

At best Mr Sharon would gain responsibilities from the agriculture, construction and housing, energy and transport ministries.

But the men now holding the keys to those offices - leaders of nationalist and religious parties - are not interested in sharing them. Some have threatened to leave the

governing coalition if their influence is reduced.

According to sources close to the prime minister, Mr Sharon has only himself to blame. After Mr Netanyahu's election victory, on a pledge to pursue a tougher approach to Middle East peace, Mr Sharon was offered the housing ministry.

Mr Sharon turned down the offer, considered a prize for the architect of Jewish settlement expansion in the West Bank and Gaza, to hold out for a more powerful ministry which he felt he was entitled to.

He then changed his mind, but it was too late. Mr Netanyahu offered the post of dep-

uty minister elsewhere, while holding the ministry for himself.

But Mr Sharon could not be left sulking outside the cabinet room doors. The nub by Mr Netanyahu, more than 20 years Mr Sharon's junior, was unacceptable to some of the party faithful, while advisers warned that Mr Sharon might stir up trouble among his far-right followers.

Mr Sharon was found indirectly responsible for allowing Christian militiamen to massacre Palestinians during the Lebanese war. More recently, he held rallies with Jewish settlers in the West Bank town of Hebron and promised that

Israel would never leave. Refusing to shift into diplomatic mode after Mr Netanyahu's election victory, Mr Sharon took to the airwaves and described Mr Yasser Arafat as a "murderer".

Mr Sharon takes credit for helping Mr Netanyahu defeat Mr Shimon Peres, former prime minister. But while Mr Sharon may have been an asset in conservative circles when Mr Netanyahu was a candidate, the former army commander is clearly a liability for the new prime minister's image abroad.

This does not help Mr Sharon's prospects of securing an important ministry.

OTE

HELLENIC TELECOMMUNICATIONS ORGANISATION S.A.

Condensed Financial Statements
Prepared under International Accounting Standards
for fiscal years ended December 31, 1995 and 1994
(in millions of Greek Drachmae)

BALANCE SHEETS

Assets	1995	1994	Liabilities & Shareholder's Investment	1995	1994
Intangible Assets	14,289	0	Shareholder's investment		
Fixed Assets			Capital	298,488	298,488
Property and equipment	1,317,441	1,182,987	Reserves and retained earnings	130,650	46,745
Less-Depreciation	(491,443)	(421,520)		429,138	345,233
	825,998	761,467	Subsidies, net of amortization	108,615	108,316
Deferred tax assets	53,300	51,000	Long-term debt	123,783	76,441
Other long-term assets	38,123	40,017	Reserves for staff retirement and other employee benefits	138,591	141,056
Current Assets			Other long-term liabilities	24,379	11,069
Accounts receivable	147,590	112,526	Current Liabilities		
Materials and supplies	8,328	8,396	Bank loans and overdrafts	99,726	112,233
Other current assets	37,798	24,577	Accounts payable	47,709	47,432
	193,716	145,499	Income taxes payable	44,069	52,955
			Dividends	43,860	45,425
			Other current liabilities	65,556	57,851
				300,920	315,868
	1,125,426	997,983		1,125,426	997,983

STATEMENTS OF OPERATIONS

	1995	1994
Operating revenues	593,033	481,629
Operating expenses	(356,062)	(319,745)
	236,971	161,884
Financial, expenses, net	(16,596)	(17,458)
Extraordinary gain	0	7,000
Income taxes	(81,610)	(53,768)
Net profit	138,765	97,658

MOVEMENT IN SHAREHOLDER'S INVESTMENT

	1995	1994
Net profit for the year	138,765	97,658
Dividends	(54,860)	(45,425)
Opening shareholder's investment	345,233	293,000
Closing shareholder's investment	429,138	345,233

Note: OTE prepares and publishes financial statements in accordance with both Greek Statutory requirements and International Accounting Standards (IAS). The major differences between Statutory and IAS financial statements relate to the accounting of staff retirement and other employee benefits, subsidies and deferred income taxes.

The IAS financial statements for the fiscal years ended December 31, 1995 and 1994 have been audited by Independent public accountants, whose report thereon includes an exception, as a sufficiently detailed fixed asset register for telecommunication equipment and installations is not maintained. However, OTE is currently in the process of establishing such a register.

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NEWS: UK

Seagate fights \$300m damages suit

By Alan Gane, John Mason and Keith Rodgers

Amstrad, the UK-based consumer electronics group, resumes a £200m (\$306m) battle for damages at the High Court next week in a dispute with one of the world's leading computer component manufacturers, Seagate Technology.

Amstrad claims that Seagate supplied it with faulty hard disk drives for its computers in 1988 and 1989. The PC2000 was

the key to Amstrad's efforts to move beyond its traditional high volume consumer sales and break into the corporate market. But problems with the machines meant they acquired an "awful" reputation, the court has heard.

Amstrad recalled 7,000 PCs from the PC2000 range in 1989, and later took an exceptional charge of £20.4m against the faulty machines. It is separately suing a second US disk drive maker, Western Digital,

in a case due to be heard in the US early next year.

Seagate is the world's largest manufacturer of hard disk drives used to store data in personal computer and workstations. Yesterday it said it was unable to comment on Amstrad's allegations because of the court proceedings.

The case began two months ago. Mr Alan Sugar, Amstrad chairman, has already given evidence along with several senior Amstrad executives.

The case has focused on sales, marketing and technical issues surrounding the drives and other computer components. Earlier in the hearing, Amstrad's former group sales and marketing director, Mr Malcolm Miller, said the company "would be in a different shape" if the machines had been reliable and customers had not experienced problems with the hard disk.

In a writ issued against Seagate Technology Inc, and Sea-

gate Technology Singapore PTE Ltd in 1992, Amstrad is claiming damages for breach of contract, breach of warranty, breach of collateral contract, misrepresentation and negligence relating to the sale of around 65,000 ST2277R hard disk drives. The claims include allegations that Seagate sold faulty drives and misrepresented the causes of the problems experienced with the computers in which the drives were installed.

Kick-off for Spain's soccer diplomacy

By Jeremy Burns in London

Don Alberto Aza Arias, Spain's ambassador to the UK, is widely respected as one of London's most experienced and talented senior diplomats, well trained in crisis management. But today's clash at the Wembley stadium between Spain and England in soccer's Euro 96 quarter finals threatens to introduce a tense note in a leisurely week otherwise spent largely in the hospitality tents at the Ascot racecourse.

Just when Anglo-Spanish relations seemed to be getting over the traumas of fish wars and Gibraltar - not to mention the "beef" word - the match has fuelled the kind of popular anti-Spanish jingoism last recorded when the Duke of Medina Sidonia failed to lead his invading Armada to triumph in 1588.

"This kind of thing tends to simplify reality and create a bad climate between our nations; it plays on the feelings of an intellectually vulnerable sector of the population who have basic instincts," mused Don Alberto yesterday during a period of quiet reflection in an otherwise hectic day.

He had woken up to the latest bombardment from England's tabloid press. Britain's best-selling daily paper, *The Sun*, devoted a page to six topless "patriotic lovelies" who, it said, were determined to give Spain and its allegedly macho culture an emphatic brush-off.

The rival *Daily Mirror* set the tone on Thursday with a picture of a bullfighter about to be beheaded in the Tower of London and the headline "You're done Juan". Next, it provided readers with a list of the ten " nasties Spain's given Europe".

European Union ministers meeting in Florence may like to know that these include syphilis ("brought back by Columbus from Central America"), and Franco ("fat dictator with silly moustache").

But Don Alberto had other potential problems on his hands, not least how to find a ticket for today's game for Prince Felipe, heir to the Spanish throne.

Back on the high street, travel company Thomas Cook was hoping to take advantage of the game to raise the profile of its number one European holiday destination. Today it will offer a no commission charge on exchanges of pounds into pesetas.

England are favourites for the match with bookmakers William Hill predicting an English victory could spark off a £80m soccer betting bonanza, making Euro 96 the biggest of all betting events. Don Alberto was making no firm predictions.

UK NEWS DIGEST

Asylum benefit halt 'unlawful'

The government was dealt a humiliating blow yesterday when the Court of Appeal struck down a decision by Mr Peter Lilley, the social security secretary, to remove the right to benefits from asylum seekers. By a two-to-one majority, the court ruled that Mr Lilley's plans, which have generated political controversy since first being announced at last October's Conservative party conference, were unlawful because they rendered the rights of asylum seekers "negotiable".

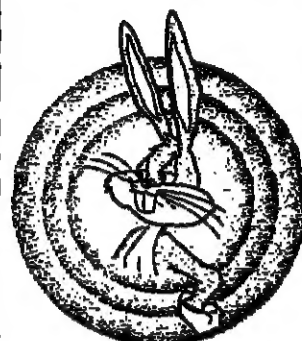
The judgment, which reverses an earlier High Court ruling upholding the policy, is the latest in a series of judicial setbacks for the government. It is a particular embarrassment for Mr Lilley, who had strongly defended the changes and will now have to find an extra £200m (£308m) in the social security budget to pay the necessary benefits to those affected.

However, Mr Lilley said the judgment should not obscure the fact that over 90 per cent of all claimants were found not to be genuine refugees. "The court's suggestion that a tiny minority of genuine claimants could become destitute by the regulations parliament approved was purely theoretical," he said. "I very much fear that if the law is left as it stands today we can see a fresh flood of bogus claimants."

Figures released by the Home Office last month showed that the number of asylum seekers had fallen by 20 per cent since the benefit cuts were formally instituted in February. In 1995 there were 44,000 applications for asylum.

Mark Sussman and James Blitz, London

Warner opens animation studio



Warner Bros. the Hollywood film company, is opening a state-of-the-art animation studio in London as part of its strategy of increasing its UK production facilities. The new studio, which will employ 70 "pencils", as animation experts are called in the film industry. One of the studio's first projects will be to complete *Space Jam*, an animated film featuring *Looney Tunes* characters like Bugs Bunny (left) due for release this autumn.

It will then work on *The Quest for Camelot*, an Arthurian adventure film due out next year. Warner, like other Hollywood film companies, is intent on making more animated features, a field traditionally dominated by Walt Disney. Animation is one of the most lucrative areas of the film industry as the potential for bolstering box office receipts with video and merchandise sales is so strong.

However the opening of the London studio is also a reflection of the efforts by Warner, and its competitors, to counter rising production costs in North America by making more films in Europe, particularly in the UK.

Alice Kauschorn, Consumer Industries Staff

Hollywood's excesses, Page 8, Weekend, Page 1

Faster transfer to Crest planned

The London Stock Exchange plans to speed up processing of stock transfers during the transition to the new Crest electronic settlement system. The exchange said it would pay for Lloyd's Bank, Royal Bank of Scotland and Independent Registrars Group, to set up a special fast track to handle the transfer of stock held on behalf of marketmakers, who deal in shares on their own account, from the old Tulliman settlement system to Crest.

In return, the registrars, who between them handle share registration for companies accounting for 86 per cent of market turnover, have agreed to process these fast track transfers within 24 hours. The deal is intended to get over a bottleneck which had been expected to hamper the transition to Crest, which is due to start next month.

George Graham, Banking Correspondent

LSE votes for student fees

A decisive step towards the ending of free university tuition for undergraduate students looks set to be taken soon by the London School of Economics, Britain's leading social science university. The LSE's academic board has voted to back the principle of "top-up fees", paid by undergraduates in addition to the state-funded fee.

If endorsed by the LSE's governors, as appears likely, fees may be charged from 1997 or 1998. No amount has yet been proposed, but an LSE official noted that a figure of £950 (£1,200) a year per student would barely cover the loss suffered by the university through recent government funding cuts.

Andrew Adams, London

BOOKS



Mr Richard May
Chief Adviser to the
UK Government



Sir Roger Penrose
Royal Society Professor of Mathematics,
Oxford University



Arthur C. Clarke
Author and Broadcaster



Helena Kennedy QC
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SCMP

Grain aid cuts may allow beef compensation boost

By Deborah Hargreaves

The European Union agreed yesterday to increase compensation to beef producers affected by the crisis over bovine spongiform encephalopathy to £600m (£1,050) from the existing £450m.

Mr Piero Fassino, deputy foreign minister of Italy - which currently holds the rotating EU presidency - announced the £600m increase in aid at the summit in Florence. "The European Council underlines the importance of adequate support for producers that are seriously affected by the drop in consumption of beef and the effect on the market price," he said.

The increase in compensation, directed at farmers across the EU, followed protests by French producers calling for extra funds. The EU, which has already spent all of its cash for this year, is considering a cut in aid payments to big grain producers to pay for the additional beef compensation. This could be discussed at

next week's EU agriculture council meeting.

The EU pays out £600m a year in so-called arable aid payments to cereals producers in return for a cut in support prices agreed as part of the 1992 reforms of the Common Agricultural Policy. However, world grain shortages have seen prices double since then.

British farmers expect generous compensation for agreeing to the destruction of additional cattle

leaving the EU in the anomalous position of supporting some of the wealthiest farmers in Europe. "It has become harder to justify continuing those aid payments with prices at this level," a commission official said.

Arable aid payments in Britain are worth £286 per

hectare - at the time of CAP reform the commission expected wheat prices to fall to £80 a tonne, but instead they have risen to £119 a tonne. The commission has also agreed to cut the amount of land it forces farmers to leave idle from 10 per cent to 5 per cent, leaving them free to take advantage of higher grain prices.

British farmers stressed yesterday they would expect generous compensation for agreeing to the destruction of additional cattle in return for securing a deal to lift the beef ban. Farmers will have to volunteer cattle born between 1989 and 1990 because records do not go back that far, and the government recognises the need for high compensation.

Farmers are looking for payments to make up lost milk production as well as the cost of replacing prime milking cows from their herds. They believe compensation will have to be worked out on an individual basis and are meeting this weekend to decide on guidelines.

Irish police find mortars at farm

By John Murray Brown in Dublin

The war of words between the Irish government and Sinn Féin, the Irish Republican Army's political wing, intensified yesterday. Mr John Bruton, the prime minister, accused the republican movement of "manufacturing weapons of death" after police seized six suspects in a raid on a farm in County Laois.

The arrest of what appears to be an active IRA bomb-making unit, together with the seizure of "in excess of a dozen" mortars and timing devices, has further undermined the credibility of the Sinn Féin leadership, bolstering the insistence of both the UK and Irish governments that the party should not be allowed to join the all-party talks without an unequivocal restoration of the IRA's ceasefire.

Mr Bruton, who held a meeting with Mr John Major, the UK prime minister, in the margins of the European Union

summit in Florence, said Sinn Féin's professions of peace were "incompatible" with the arms find, which he described as "most important".

The seizure is part of a two-week search in the wake of the murder of an Irish detective. A third man appeared in a Dublin court yesterday in connection with the killing of the detective.

The Irish police are understood to have extended their operation yesterday to County Meath and the border area next to Northern Ireland. An official said there were indications that the IRA was moving ordnance from caches in the south-west of the republic nearer to the border with the North, raising fears about a possible resumption of its terror campaign in Northern Ireland.

Mr Charlie Flanagan, a member of the republic's parliament in Mr Bruton's Fine Gael party, said: "Who is to say that the Manchester bomb was not assembled in some part of the [Irish] state?"

OUR £20 MILLION RE-INVESTMENT ON MERSEYSIDE IS DOWN TO THE QUALITY OF THE LOCAL WORKFORCE

Attracting major companies is one way to test the mettle of an area.

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"There is a sense of energy and 'can-do' mentality in our workforce which mirrors our own philosophy."

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"New working practices have been implemented quickly and efficiently."

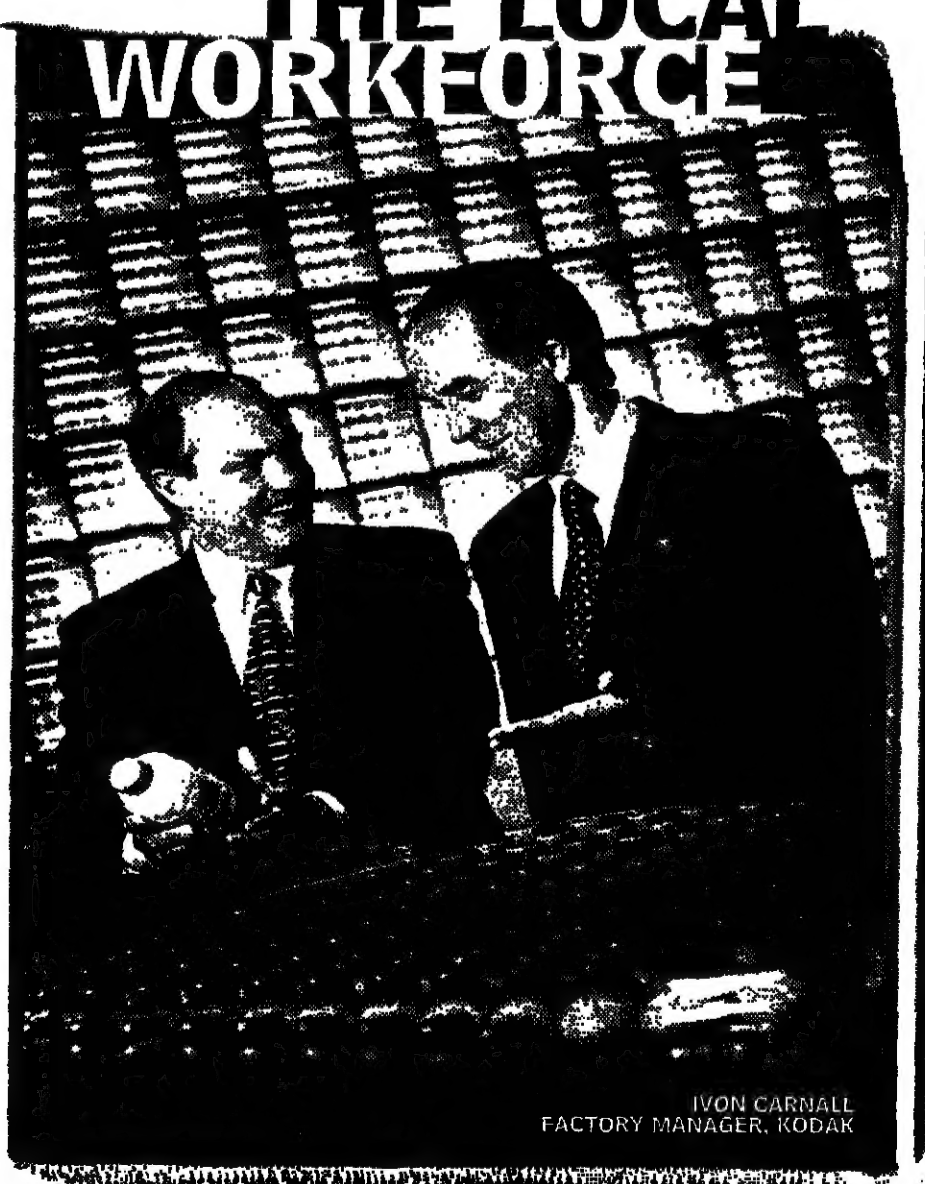
And the workforce at Kodak? They've an enviable reputation for meeting quality standards and adopting new management systems.

For instance, a new business development of supplying photographic materials to hundreds of mini-labs throughout the UK has already achieved a Perfect Delivery level of 98% OTIFNE (On Time, In Full, No Errors) when 90% is regarded as excellent. They are not however resting on their laurels as they strive for a perfect 100%.

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MERSEYSIDE
A pool of talent

Real Africa conserves its cash for JCI bid

By Mark Ashurst
in Johannesburg

Real Africa Holdings, South Africa's second-largest black-controlled company, has passed its dividend for the year to March despite a strong performance from its insurance and industrial interests.

Mr Don Neube, executive chairman, said the group was conserving its cash reserves

pending a bid for Anglo American's 49 per cent stake in JCI, the mining house.

He was satisfied with the progress made in talks with JCI, although plans to form a consortium with trades unions and other black investors remained at a preliminary stage.

Attributable income was R38.6m (\$8.85m), against R5.6m previously. This year's figure

had been restated and was not comparable. Earnings per share rose 85 per cent from 9.4 cents to 17.4 cents.

African Life, the insurance group at the head of a portfolio including mining, tourism, manufacturing and technology, posted an 80 per cent rise in total income and a 98 per cent increase in total assets.

Real Africa's interest in Affia had declined to 45.8 per

cent, from 51 per cent in fiscal 1995, following a R42m equity subscription by the International Finance Corporation, the private sector arm of the World Bank.

However, Real Africa retained effective control through arrangements with non-voting shareholders.

There would be no rights issue from Real Africa to fund the acquisition of JCI, said

Mr Neube. If talks were successful, the expansion would be funded "from our own resources or via a combination of instruments".

The total value of Real Africa's listed investments was R738.6m at June 15 compared with a restated total value of R318.4m on March 31 1995.

Analysts welcomed the group's improved performance,

but said the decision to pass the dividend highlighted the difficulties faced by black businesses in their attempts to raise capital.

Rival New Africa Investments, the country's largest black-controlled company which is bidding for Anglo's stake in Johannesburg Industrial Corporation, had doubled its asset value during a revaluation this year.

Nintendo pins hopes on 64-bit offering

By Michio Nakamoto in Tokyo

A deafening silence is the most likely response on Sunday when Nintendo, the leading Japanese maker of video games, launches its much-awaited 64-bit machine.

Yet Nintendo is counting on the machine to reverse its fading fortunes. Last year the company, which once held more than 90 per cent of the Japanese market for video games, saw its share drop below 50 per cent, according to market estimates.

Sunday's launch will be a far cry from the frenzy that used to trigger pandemonium at electrical retail stores when Nintendo released new software at the peak of its market power.

Media commentary on the machine, which will be priced at ¥25,000 (\$230), has been muted, despite acclaim for its graphics and advanced features, such as a 3D stick that will enable users to manipulate the characters on screen through 360 degrees.

The wait-and-see attitude has been prompted by the Nintendo 64's troubled history. Its launch was twice delayed, and although the company tried to place some of the blame on a lack of components, the increasingly evident friction between Nintendo and independent software developers raised concerns that the company was having trouble finding attractive software.

Nintendo's insistence on using game cartridges rather than CD-ROMs, which can be made at a fraction of the cost and can hold significantly more data, discouraged software makers.

Square, the software developer which created the megahit game "Final Fantasy", decided to develop the latest in the series for Sony's PlayStation, rather than the Nintendo 64.

Other software developers have indicated they may not remain loyal to Nintendo, which has been forced to put the Nintendo 64 on the market with only three software titles to support sales.

Last month Sony cut the price of its PlayStation, its fast-selling product, to ward off competition from Nintendo.

But Mr Hiroshi Yamauchi, president of Nintendo, has no doubts that the company will be able to sell the planned 2.5m units in Japan and overseas by the end of the year.

The launch of Super Mario 64, the third game in the highly successful Mario series, to coincide with the sale of Nintendo 64, is expected to attract a substantial number of buyers for the new machine.

GWR finds taste for Schlager

By Raymond Snoddy

GWR, one of the UK's largest commercial radio groups, has moved into the Schlager music market.

Schlager is the most popular form of music in Germany and Austria and features campy bands.

"It's Roger Whittaker with lederhosen," Mr Ralph Barnard, GWR chief executive said yesterday.

The move into Schlager comes through the purchase, announced yesterday, of a 60 per cent stake in Radio Edelweiss, a commercial radio station based in Innsbruck, Austria. The station broadcasts to a potential audience of 1m listeners in German-speaking Austria and Italian Tyrol.

"As always we will research the market and give people the music that they like," added Mr Barnard.

GWR will pay £1m, part of which is deferred, plus up to £1.1m if targets are met. The company operates 15 FM frequencies in the Tyrol area and in the year to March made £167,643 pre-tax on turnover of £525,507.

GWR hopes the deal will allow it to apply for further licences in Austria.

Simpson expected to succeed Weinstock

By Ross Tieman

Mr George Simpson, chief executive of Lucas Industries, is expected to succeed Lord Arnold Weinstock as managing director of the General Electric Company a few days after GEC's annual meeting, scheduled for September 6.

His arrival at GEC's Stamford House headquarters, probably on September 9, more

than a month earlier than expected, will end Lord Weinstock's 33 years at the head of Britain's biggest manufacturer.

Mr Simpson is now expected to leave Lucas on August 30. That will enable him to oversee completion of the £2.2bn merger of Lucas with Vartec Corporation of America to create one of the world's leading automotive brake-makers.

A special dividend to sweeten the deal for Lucas shareholders now looks unlikely. The board met yesterday without considering any such proposals.

A Lucas official said: "So far as I am aware there has been no request for any special dividend or anything similar."

Lucas shareholders will own a majority of the shares in Lucas Vartec, which will be

headquartered in Britain. Mr Victor Rice, chairman of Vartec, is set to become chief executive of the merged group.

BBA, the brake-pad manufacturer, was obliged to abandon plans to mount a hostile bid for Lucas. Now the merger plan has three hurdles to clear. First, Lucas needs to secure High Court approvals that will clear the way for publication of a new Stock

Exchange listing document. That is expected to be followed by a special shareholders' meeting, provisionally scheduled for August 9.

For the merger to succeed, 75 per cent of the shares must be voted in favour by those present at the meeting or sending in proxies. Vartec, too, must secure shareholder approval. No date has yet been set for that meeting.

Moving right along the acquisition trail

Roberto Quarta is getting on with life after the Lucas bid's failure, writes Tim Burt

Mr Roberto Quarta is unrepentant. The combative chief executive of BBA Group, who earlier this month abandoned an audacious £2.4bn bid for Lucas Industries, is back on the acquisition trail.

In fact, he never got off it. Although some industry analysts believe he damaged his reputation by trying unsuccessfully to spoil Lucas's proposed merger with Vartec Corporation of the US, Mr Quarta is adamant that it was the right deal but at the wrong time.

He plans to reinforce that message next week when he hosts an analysts visit to Norrköping.

The Swedish town is home to one of the five textile plants acquired last year following BBA's £239m takeover of Holvis, the Swiss non-wovens manufacturer.

Some analysts are expecting the visit to be a bridge-building exercise, in which Mr Quarta will face tough questions about his pursuit of Lucas.

But the Italian-American, who was once a BTR executive, has other plans. He may well throw down the gauntlet by claiming that he was right to go for the automotive components and aerospace group. And, given the right circumstances, he believes it would have won the support of shareholders.

In the event, it didn't because some institutions were unconvinced of the industrial logic - and the price of more than 30p a share necessary for a knock-out blow.

"I still think it was a good deal," says Mr Quarta. "We have interests in brakes, electronics and aerospace where Lucas would have made a natural fit."

Many analysts disagree. But he is undaunted and plans to hold up Fiberweb - the former Holvis textiles arm - as evidence of what BBA can do with a company suffering from underinvestment and weak market share.

Citing Fiberweb's improved performance - margins have risen from 5 per cent to more than 10 per cent in a year - he says the engineering group has shown that it is a good parent and one that deserves support in its search for new earnings.

Perhaps more importantly, he wants to convince analysts that he is not just a financial engineer.

"That is a myth I want to dispel. This company is about winning world leading market positions in our chosen fields and building shareholder value. We are not just margin driven," he says.

Some analysts may take a great deal of convincing. While they applaud the turnaround at BBA under Mr Quarta, they still think he has a roving eye for any manufacturer which promises double digit margins. "I still believe he is a financial engineer," says one leading analyst. "He has used a lot of provisions at BBA to get where he is, so it is quite hard to see where the underlying growth is."

Nevertheless, most industry observers predict he would have little trouble winning City support for bolt-on acquisitions of up to £300m. Beyond that, however, and some institutional investors might balk at a deal which, like Lucas, they felt was too big to swallow.

Threadneedle Asset Management, which owns 4 per cent of BBA and opposed the proposed Lucas bid, warns that Mr



Unrepentant: 8 out of 11 investors which expressed a preference thought Roberto Quarta should do it

Quarta will need to pay more attention to shareholders' sentiment before trying another big takeover.

"Quarta did not walk away from Lucas because he decided for himself it was not good value," says one Threadneedle fund manager. "He failed because his shareholders would not support him."

Another investor, which asked not to be named, added: "Let's hope he doesn't feel he has to establish his manhood too quickly with another over-ambitious deal."

Mr Quarta rejects such criticism. He points out that eight of the 11 institutions canvassed about Lucas wanted him to do it, and some thought he could take on more than 100 per cent gearing to do so.

But now he wants to put Lucas behind him. Instead, he is pouring over a number of bolt-on acquisitions and also contemplating a new leg to the group.

He is most keen to pursue those opportunities in friction materials - in which BBA claims to be the European market leader - and industrial and medical textiles.

The group, currently ungeared, could spend about £350m without bothering shareholders, although that would push gearing up to about 60 per cent.

Mr Roy McGlone, the finance director recruited from BICC's cables business last year, says the group would be prepared to go much higher for a short period.

"This is a dynamic company and we have learned a lot from the Lucas affair," he says.

For Mr Quarta that means being in control of your own destiny. While he maintains that Lucas would have been good for BBA, he admits the timing was poor. Indeed, he says BBA's name might never have surfaced had it not been "smoked out" by Lucas.

Now he is concentrating on lifting BBA's share of the North American friction materials market from virtually zero to 10 per cent by the end of the decade. He also wants to push textile interests into Latin America and the Pacific Rim. "We're not slowing down. BBA is still an engineering business that wants to be global; nothing's changed."

Kalamazoo blames fall on paper prices

By Richard Wolfe,
Midlands Correspondent

Margin pressures dented profits at Kalamazoo Computer Group as the company's security printing division suffered "unprecedented" increases in the price of paper as well as restructuring costs.

Pre-tax profits declined 14 per cent to £5.88m on turnover up 10 per cent to £56.7m in the year to March 31. The shares fell 9p to 130p yesterday.

However, the company said security printing experienced a

recovery in the second half, and was in a good position to widen its markets after investing to develop an international sales channel.

It hopes for more substantial growth in its computer services division after last month's conditional agreement with Datapoint Corporation of the US to buy its European automotive dealer systems (EADS) for £23.5m.

The acquisition, to be funded by a placing and open offer, complements Kalamazoo's existing UK business supplying

computer systems to motor dealers, particularly to Ford.

Mr Bob Jordan, chairman, said: "The acquisition of EADS marks a major step forward. Kalamazoo will be the leading supplier of dealer management systems in Europe with annual revenue from this market in excess of £20m."

"The existing business and infrastructure of EADS will provide the foundation from which the group will launch its products and services throughout Europe and will enhance its ability to achieve preferred

supplier status to leading automotive manufacturers."

Successful installation of the flagship Elite product for 80 customers helped the computer services division to a 7.5 per cent rise in pre-tax profits to £5.79m (on sales up 10 per cent to £48.3m).

In the security printing division pre-tax profits declined 64 per cent to £287,000 on sales up 8.4 per cent to £18.4m. Earnings per share fell from 11.8 to 10.2p. A final dividend of 3.05p makes a total of 4.15p, compared with 3.75p.

Trafalgar pulls out of land venture

By Simon London,
Property Correspondent

Trafalgar House, the conglomerate acquired earlier this year by Kvaerner of Norway, has unwound a £25m property joint venture with Kingfisher, the retail group.

The deal to dissolve Marsden House, the joint company set up in 1990, reflects Kvaerner's phased withdrawal from commercial property following the Trafalgar takeover.

Charwell Land, Kingfisher's retail property arm, has sold its 50 per cent stake in Marsden House to Trafalgar for £18.2m. In return, Charwell is buying the retail properties in the portfolio for £20.6m.

The two former partners are repaying about £50m of bank debt which was held off balance sheet.

In a separate move, Trafalgar has agreed to sell for £45m a large office building in Brooklands, Surrey. The buyer is Sony Corporation, the Japanese electronics company which occupies the building.

Mr Alan Winter, managing director of Trafalgar House Properties, said the company was left with full ownership of eight mainly office properties in London and the south-east.

These properties will be sold over the next few months as Trafalgar disposes of its property assets, he added.

Trafalgar's remaining properties include the Liberty shopping centre in Romford, east London, and large development sites at Balic Exchange in the City of London, at Chiswick Park, west London, and Paddington Basin, adjacent to the West End.

Walt Disney appoints new ABC president

By Christopher Parkes
in Los Angeles

Walt Disney has reinforced its ABC television management with the appointment of Ms Jamie Tarses, a highly-rated programming expert from NBC, the leading US TV network.

She takes over as president of ABC Entertainment immediately, while Mr Ted Harbert, the division's current chief, is promoted to chairman.

The move marks a coup for Disney's top management, which has been preoccupied for much of this year with the task of restoring the ABC network's fortunes.

ABC slipped to second place in the 1995 annual ratings and dipped into third place in crucial early season samplings this year.

Ms Tarses is credited with developing the prime-time programmes which took NBC to the top of the ratings. These include series such as *Friends*, *Mad About You* and *Frasier*.

The expected hiring followed

a week of delicate negotiations to split responsibilities between the newcomers and Mr Harbert, whose feathers had been ruffled by lack of consultation over the appointment.

Ms Tarses had been concerned to ensure she won as much autonomy as possible in her new job.

She was approached initially by Mr Michael Ovitz, Disney president, the former head of the CAA talent agency whose independent approach to management decision-making has reportedly stirred resentment elsewhere in the orderly structure of the Disney hierarchy.

The agreement brokered this week gives Ms Tarses control over development and scheduling of all ABC prime time entertainment, while Mr Harbert will be responsible for business functions and finance, including production.

He also has the tricky task of managing ABC's joint ventures with Disney group rivals such as DreamWorks SKG and Brillstein-Grey, a TV programming specialist.

Sale of AFG stake hits Glaverbel shares

By Neil Buckley in Brussels

Shares in Belgium's Glaverbel, Europe's third-largest glass-maker, fell Bfr15 to Bfr3,490 after it said it was selling its stake in AFG Industries, North America's second-biggest flat glass maker, to its own majority shareholder Asahi Glass of Japan for Bfr5.5bn (\$306m).

Glaverbel decided late on Thursday to exercise its sale option on its 41.76 per cent of common stock, and 36.05 per cent of non-voting preferred stock in Clarity Holdings, which owns AFG.

Mr Luc Willems, Glaverbel managing director, said the sale would strengthen the group's balance sheet and provide funds for other acquisitions. AFG's dividend prospects were not high enough to

cover the financial charges on Glaverbel's stake, he added.

The disposal of ordinary shares accounts for about Bfr3.5bn, while the preferred stock is worth Bfr3.5bn.

The Bfr5.5bn consideration for the ordinary shares will be paid to Asahi in three stages: Bfr1.5bn immediately in cash, a deferred payment of Bfr2.5bn, and an exchange of AFG shares for a portion of Asahi's Glaverbel shares.

The latter will result in Asahi's holding in Glaverbel falling from about 68 per cent to about 59 per cent - although Asahi made clear it planned to retain majority control. The 9 per cent stake will be sold either on the stock exchange, taking the publicly-quoted portion of Glaverbel to about 40 per cent, or to another buyer.

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COMPANIES AND FINANCE

Eurotunnel presses for outline refinancing

By Andrew Jack in Paris
and Geoff Dyer in London

Eurotunnel is holding meetings with its leading banks this weekend in an attempt to agree an outline refinancing plan ahead of its annual meeting in Paris on Thursday.

Sources close to the talks say that it is unlikely that a plan will be finalised by Thursday. However, they say that an

agreement is close.

Eurotunnel is under pressure to provide an update on progress in the refinancing talks at the meeting from its shareholders, who fear that any refinancing plan will be against their interests.

However, if the company reveals too much information it runs the risk of antagonising some of its 225 banks, whose unanimous support is needed for any refinancing.

The outline plan is expected to involve the banks initially swapping part of their outstanding \$8.8bn debts for an equity stake in the company.

The second part of the plan would involve issuing the banks with a number of financial instruments, such as convertible bonds, which can be converted into further shares if Eurotunnel does not achieve certain revenue targets over a

period of time.

It is understood that the maturity and conversion price of these bonds is still being discussed by the company and its leading banks.

The two mediators appointed earlier this year by a French court are also finalising a confidential report on the negotiations, which must be submitted by the end of this month.

Mr Robert Badinter and Lord

Wakeham must present their report to Judge Jean-Pierre Mattel, head of the Paris commercial court, by the time that their initial mandate expires on June 30, although they are not expected to make any public statement on their work.

However, in an indication that negotiations may not be completed before Thursday's meeting, Judge Mattel said last week that he would consider extending the contract of

the mediators "if there are reasonable chances of seeing a solution".

The annual meeting promises to be a lively affair, as Eurotunnel was forced this week to change the location after 900 shareholders declared their intention to attend.

The company has been in negotiations with its banks since September when it suspended interest payments on more than \$8bn of debt.

Jarvis priced at 175p

By David Blackwell

Jarvis Hotels, the middle-market group that is coming to the stock market, yesterday priced its shares above initial expectations at 175p.

On the grey market the shares closed at 181p, valuing the group at \$318m - well above the \$250m expected when the flotation plans were announced last month.

The prospectus, published on June 5, set a range for the book-building exercise of 150p to 170p, although it indicated that the price could be set outside the range. On Wednesday the range was raised to 180p.

The flotation raised \$133.1m through a placing and clearance offer that was almost seven times subscribed and attracted 25,000 private investors. Just over 82m shares have been issued - 46.6 per cent of the issued capital.

Mr John Jarvis, chairman and chief executive, said yesterday he was pleased with progress so far, and was looking forward to building the group as a public company. The strengthened balance sheet would facilitate steady growth, initially from 5,000 to 6,000 rooms.

Of the money raised, \$60m will be used to repay bank debt, and \$73.1m to discharge obligations to existing shareholders. Pro forma net assets are \$92.3m and net debt \$56.6m.

The prospectus showed operating profits before exceptional items were \$23m in the year to March 30, an 18 per cent rise, on turnover up 13 per cent to \$101.7m. Pro forma pre-tax profits would have been \$18.6m, and a notional dividend of 3.4p would have given a notional gross yield of 2.4 per cent.

Following the float the directors will have 2.9 per cent of the company after selling 1.7m shares.

Forecast profits of \$23.5m for the year to March 30 1997 put the group on a prospective multiple of 14.5, close to the market average but well below recently floated Millennium & Copthorne and Macdonald. The discount to the sector reflects the low tax charge of about 7.5 per cent, which should be sustainable for a couple of years at least, and the fact that the venture capitalists which still own much of the equity will be able to sell when the shares hit the market next Friday. Jarvis looks a well managed group with a sound strategy, so once the dust has settled there seems little to stop the shares moving up to 200p.

● COMMENT

Jarvis has timed its flotation to perfection, although the heavy subscription and the decision to raise the price range only on Wednesday has annoyed some larger institutions. Forecast profits of \$23.5m for the year to March 30 1997 put the group on a prospective multiple of 14.5, close to the market average but well below recently floated Millennium & Copthorne and Macdonald. The discount to the sector reflects the low tax charge of about 7.5 per cent, which should be sustainable for a couple of years at least, and the fact that the venture capitalists which still own much of the equity will be able to sell when the shares hit the market next Friday. Jarvis looks a well managed group with a sound strategy, so once the dust has settled there seems little to stop the shares moving up to 200p.

UPF makes

\$7.5m purchase

UPF, the vehicle chassis and components supplier, has acquired Pioneer, a car exhaust systems manufacturer, for \$7.5m from HSBC Private Equity, Royal Development Capital and the existing management team.

Pioneer made an operating profit of \$1.7m in 1995.

Caledonian Publishing set for £100m float

By Raymond Snoddy

Caledonian Publishing, the fifth largest newspaper group in Scotland, is coming to the Stock Exchange next month in a flotation expected to value it at about £100m.

Caledonian, which publishes both The Herald and Evening Times in Glasgow, was created through a management buy-out from Lomro in 1982 for \$94m, including assumed debt of £20m.

The aim of the flotation is to raise between \$60m and £70m to pay off the company's \$60m debt.

Caledonian has had a difficult few years, which included the national newspaper price wars and substantial increases in newspaper costs.

The Herald did not, however, join in the price-cutting and stayed at 45p before going up to 48p last month, compared with its Edinburgh-based rival The Scotsman, which has stayed at 42p.

The Herald lost only 5 per cent of its circulation at the height of the price-cutting battles and in the past six months has moved up to about 107,000, compared with The Scotsman's 80,000.

Yesterday The Herald was named morning newspaper of the year in the UK Press

Gazette Regional Newspaper Awards.

Although The Herald is available all over Scotland, its circulation is concentrated in the Strathclyde region.

In the 12 months to September 1995 Caledonian had a pre-tax profit of £3.9m on turnover of £90.6m. The company has been paying interests on its borrowings of £6.2m a year.

Some 57 per cent of the company is currently held by various investment funds of Robert Fleming, the merchant bank. Other significant investors include HSBC and 3i Management and staff hold another 10 per cent.

The pathfinder prospectus is expected to be published on Thursday, with trading set to begin by the middle of next month. The 50m new shares will account for about two thirds of the total equity. Fleming's holding will be diluted to about 20 per cent.

Caledonian will tell the City it has a strong franchise in the Greater Glasgow area and out-sells all the English national broadsheets combined in its core circulation area.

The Electronic Herald gets 7,500 hits a day. The service is currently free, but the company plans to introduce a subscription charge and advertising next year.



Brewing up: Will Hobhouse plans to open up to 15 branches a year for the foreseeable future

Whittard raises £8.5m from flotation and plans growth

By Christopher Price

Whittard of Chelsea, the upmarket tea and coffee retailer, yesterday placed 38 per cent of its shares at 148p each on the Alternative Investment Market, valuing the group at £23.5m.

The figure was at the top end of expectations and the offer was four times subscribed, raising £8.5m for Whittard. The venture capitalist investors who backed the company with £200,000 in 1988 will receive about 65c, with the remainder

used for working capital.

Mr Will Hobhouse, managing director, said the group intended to open up to 15 branches a year for the foreseeable future. It has a nationwide network of 79 stores.

Whittard is in talks to buy stores from the collapsed Facia group, and Mr Hobhouse said there were many other buying opportunities in the smaller retail store market.

Pre-tax profits for the year to May rose 30 per cent to £1.1m on sales of £20m. At the placing price, the

shares are on a historic p/e of 17. Mr Hobhouse, who was involved in the rapid growth of The Rack in the mid-1980s, and Mr David Gyle-Thompson, chairman, will each retain about a third of the company.

Some 135,000 shares will be distributed among 270 employees who have been with the company more than a year or have made a significant contribution.

Whittard estimates it has about 14 per cent of the UK speciality tea market, which is dominated by Twinings.

Railtrack starts roadshows for bonds

By Conner Middelmann

Railtrack, the recently privatised rail company which owns track, signalling and stations in England, Wales and Scotland, yesterday began investor roadshows for the sale of two bonds worth £235m.

The securities - £135m of 10-year bonds with a 9 1/2 per cent coupon and £100m of 9 1/2 per cent 20-year bonds - were issued and placed with the government on April 3, before Railtrack's flotation, on the understanding that they could be sold in the public bond market at a later date.

SBC Warburg is arranging the sale as part of its advisory role in the privatisation. The

bonds are targeted mainly at UK institutions but also at funds in continental Europe, SBC Warburg said. Roadshows continue this week in the UK and continental Europe and the sale is likely within two weeks.

According to Mr Melvin Pointer, Railtrack's treasurer, the company is not planning further forays in the bond market, despite receiving credit ratings yesterday.

"Although the ratings mean that the capital markets are now open to us, we have no plans for further bond issues at the moment," Mr Pointer said. He noted that Railtrack established a £2.35bn 5 1/2-year syndicated bank loan just before the

flotation, which meant "we're not in a rush to do anything in the capital market".

Standard & Poor's and Moody's Investors Service, the two international rating agencies, yesterday published credit ratings for Railtrack: S&P gave it A- while Moody's awarded it A2 - one notch lower.

According to S&P, its rating "reflects Railtrack's monopoly position as owner and operator of the UK railway infrastructure network, a supportive environment under the current government, a robust financial profile and secure cashflows derived from a number of fixed long-term contractual relationships with train operating

companies (TOCs)".

However, it noted risks include political uncertainty surrounding the privatisation and restructuring of the industry, the complex industry structure and legal framework, a large capital spending programme, modest passenger growth expectations, a demanding operating performance regime, and a gradual reduction in subsidies, which currently amount to over half of the TOCs' annual revenues.

Moody's also warned of "significant cultural shift that Railtrack personnel will have to undergo to adapt to the new structure of the sector, and the political risks attendant upon its privatisation".

Formal to buy Blakes via placing and offer

By Simon Kuper

Formal Group, the loss-making men's wear retailer, yesterday announced plans to acquire Blakes Menswear for a maximum of \$4.5m with the announcement of a \$5.5m placing and open offer.

Formal, which intends to move from the USM to a listing later this year, also announced a threefold increase in annual pre-tax losses to £2.36m (£296,000), on sales down 25 per cent to £7.55m for the year to March 31. Losses per share were 1.6p (0.7p).

The group was formed after a refinancing in February when Brackenbridge, the bridalwear company, took over Langside Hire, the formal wear hire concern. Blakes, a men's wear retailer operating mainly in the south-east, had pre-tax profits of \$968,000 on sales of \$8.5m in the year to January 31. Formal plans to expand the Blakes concept across a wider geographical market.

Mr Dan Taylor, director, said "this is really our second acquisition on the path to building a larger men's retailer".

He hoped more acquisitions would follow soon. But the group also said that after a review being carried out now, it planned to close down or dispose of all business which are not shown to be making a satisfactory contribution.

Formal's firm placing and open offer, underwritten by Wise Speke, would help finance the Blakes acquisition and to provide working and expansion capital for the group. Formal has proposed a 1-for-50 share consolidation. Like-for-like trading since the year end was ahead of last year, and Formal forecast "a favourable trading performance for the current year".

Southern Water accepts Scottish Power

By Simon Holberton

Directors of Southern Water yesterday recommended that shareholders accept Scottish Power's £10.50 a share cash offer.

However, they drew short of issuing an irrevocable recommendation, although the prospect of a counter bid was judged by analysts to be unlikely.

Southern Electric, the regional electricity company which had a recommended

offer, withdrew from the bidding for Southern Water on Thursday after Scottish Power announced the terms of its improved offer.

Southern Water said the offer represented a premium of 64p over the offer from Southern Electric and 74p over the value of the Southern Electric cash alternative that had been previously recommended.

"The Scottish Power offer now represents the highest offer available and accordingly

the board will recommend shareholders to accept it," the company said.

"The board of Southern Water has received assurances from Scottish Power that it envisages that the integration of Southern Water into Scottish Power can be achieved without the need for compulsory redundancies and that the existing rights, including pension rights, of all Southern Water employees will be safeguarded."

Scottish Power will post its

offer document early next week.

It was still unclear last night whether the Scots would opt for a 21-day "bullet" offer or stick to the traditional 60-day timescale.

Scottish Power's offer consists of £10.25p in cash and 21.8p net dividend from Southern Water. The company plans to fund the bid partly through a rights issue which will raise £58m before expenses.

See Weekend Money

Royal selling Dutch stake for £114m

By Ralph Atkins, Insurance Correspondent

Royal Insurance, the composite insurer which is merging with former rival Sun Alliance, is selling its one third stake in Epic, a joint venture company operating in the Netherlands, for £114m cash.

Royal said the disposal had been mooted for some time and was unrelated to its planned merger. But the transaction

has the advantage of avoiding any conflict with Sun Alliance's existing Dutch operations.

The two insurers see overseas expansion as a priority for the combined group, which will be called Royal & Sun Alliance. Mr Trevor May, insurance analyst at Salomon Brothers, suggested that the Epic deal created a "clean sheet" for possible expansion in northern Europe.

Epic - European Partners for Insurance Cooperation - was formed in 1992 as a tripartite venture between Royal, Aachener and Münchener (AMB), the German insurer, and La Fondaria, the Italian insurer.

At the time, Royal was facing heavy losses and the move was part of efforts to strengthen its balance sheet. Royal's Dutch operations, including Royal Nederland

Group, were subsumed into the new venture, for which the UK-based company received £166m and a third of Epic's shares.

La Fondaria later sold its stake to AMB. Mr Richard Gamble, Royal's chief executive, said Epic's future had then been put under review by its two remaining owners. Royal said the net asset value of the stake it sold yesterday was £45m.

NEWS DIGEST

Mirror Group buys News Letter

The Mirror Group confirmed yesterday that it is buying a controlling interest in Century Newspapers, publishers of the News Letter in Northern Ireland.

The paper publishes a free edition in Belfast and a paid-for edition for the rest of Northern Ireland. Founded in 1777, it claims the title of the world's oldest English language daily newspaper.

The Mirror is buying a 90 per cent stake; Sir Ray Tindle of Century will retain the remaining 10 per cent and will stay on the board as non-executive chairman.

The price of the purchase, while undisclosed, is believed to be less than £5m. However, the deal will involve a total Mirror investment of about £15m, including moving two modern colour presses to Belfast. As well as printing the News Letter the presses will produce Mirror Group titles for all of Ireland once existing printing contracts expire.

The Mirror Group said yesterday that there would be no change to the paper's editorial stance, which has always been robustly pro-Unionist. Mr David Montgomery, chief executive of the Mirror Group, said yesterday: "We are delighted to have this opportunity to strengthen our position in Northern Ireland."

Raymond Snoddy

Photobition shares fall

Photobition, the graphics group, yesterday reported a 58 per cent rise in full-year pre-tax profits to £1.5m, but saw its shares fall 18p to 373p.

Mr Eddie Marchbanks, chairman and chief executive, said some 20,000 shares had been traded in the morning, and pointed out that the shares were still on a "40 degree upward trend" since coming to market in February last year at 150p. Earlier in the week they had hit a high of 400p.

Forecasts for the group were downgraded in March from £3.1m to £2.9m by analysts at Tether and Greenwood after the sector reported a disappointing Christmas period.

Photobition said yesterday activity had since increased and it was "very happy indeed" with the results for the final quarter to March 31.

Four acquisitions contributed £2.03m to sales of £16.9m (£12m) and £222,000 to trading profit of £3.3m (£1.52m). Earnings per share were 18.7p (18p), paying a final dividend of 3.9p for a total of 6.5p. Ms Louise Barton of house brokers Henderson Crosthwaite forecast profits this year of £2m and earnings per share of 25.6p.

Sophy Buckley

Clerical Medical approves bid

Shareholders in Clerical Medical, the life insurer, yesterday approved the agreed bid by Halifax, the building society which is converting to a bank next year.

Nearly 98 per cent of the 128,523 shareholders - out of a total of 500,000 - who voted approved the bid, which was accepted by the Clerical Medical board in March.

Subject to court approval, the £200m deal should be finalised by the end of the year.

The acquisition, one of the largest of a UK life insurer, is likely to be Halifax's last before it floats on the Stock Exchange next year. It is part of Halifax's plan to become a broadly-based provider of personal financial services.

Halifax will sell life assurance, pensions and investments through independent advisers, keeping the Clerical brand name. The society already sells Halifax Life products through its branches.

It is the latest in a series of rationalisation moves in the UK life assurance sector and follows the purchase by General Accident, the composite insurer, of Provident Mutual late last year.

Motoko Rich

James Latham falls to £1.4m

Difficult trading conditions in the year to March 31 resulted in a fall in pre-tax profits from £1.86m to £1.4m at James Latham. Sales showed little change at £79.8m.

Tighter control of working capital enabled the building materials group to reduce borrowings to £8.8m (£9.3m), producing gearing of 49 per cent (54 per cent).

The group said sales in April and May had shown a marginal rise on the comparable period.

ABE suffers £1.8m loss

Loss-making operations caused a pre-tax deficit of £1.8m at Associated British Engineering in the year to March 31.

Turnover was £58.3m, against £60.2m the previous year when a pre-tax profit of £583,000 was reported.

The latest results were hit by total losses on discontinued operations of £2.03m. Loss-making parts of the catering equipment side have been closed and Dawson-Keith, the diesel power generating set business, has been sold since the year end at a profit of £1.5m, which will be accounted for in the current year.

Quality Care held to 4% rise

Wage rises, start-up costs and squeezes on care fees held interim pre-tax profits to a 4 per cent rise at Quality Care Homes, the Darlington-based company.

Profits of £2.4m were achieved on turnover up 30 per cent to £10.3m for the six months to April 30.

It opened new four homes in the period and raised its number of registered beds by 37 per cent to 1,782. Development costs resulted in capital spending of £4.3m and start-up losses of £454,000 (£208,000).

The company is building an average of eight new homes a year - with each home costing more than £1m. It warned that gearing - now at 58 per cent - would rise slightly.

Mr Duncan Barnatynne, chairman, said: "The benefit of the new homes opened should show during the second half of the year."

The interim dividend is 10 per cent higher at 1.815p, payable from earnings per share of 14.13p (12.85p). Analysts forecast full-year profits of £5.3m (£4.8m).

Simon Kuper

Manchester Airport advances

Success in gaining extra long haul services helped Manchester Airport increase pre-tax profits by 9 per cent from £25.5m to £28m.

The company said the market for charter flights had still not recovered to pre-recession levels and remained flat. However, it had lifted profits by controlling operating costs, which rose by 1 per cent in nominal terms despite a 2.4 per cent increase in the number of passengers.

The airport, which is owned by Manchester city council and nine other districts of Greater Manchester, is seeking to build a second runway, seen as vital to secure extra capacity and allow it to obtain extra routes.

John Authers

Seagate buys Holistic

Seagate, the US manufacturer of computer disk drives, has acquired Holistic Systems, a privately-owned software development firm in London, for \$94m (£54.9m).

Holistic develops and markets strategic business intelligence software which is used to analyse the growing volumes of data that most companies are struggling to control and interpret.

Founded by Mr Derek Taylor in 1985 after his previous company, Metier Management Systems, was acquired by Lockheed Aircraft, it claims its Holistic software helps companies change their behaviour to save or make money. The software sells at an average price of \$100,000.

The market for data analysis is one of the fastest growing segments of the computer software industry - IDC, the industry analysts, expects the market for this type of software to double to \$1.1bn by the end of the decade.

Holistic will maintain its headquarters in Basingstoke and research and development facilities in Ipswich. In the year to March 31 Holistic's revenues grew by 38 per cent to £16.7m and profits by 12 per cent, marking the group's eighth year of profitable growth.

Paul Taylor

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RESULTS									
	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividends corresponding dividend	Total for year	Total for year	Total for year
Cambridge Water	Yr to Mar 31	15.7 (15.1)	5.14 (5.38)	28.48 (22.87)	5	Aug 2	3.33	8.89	6.11
Formed S	Yr to Mar 31	8.23 (10.6)	2.28 (0.58)	1.61 (0.7)	nil	nil	nil	nil	nil
Kalamazoo Computer	Yr to Mar 31	66.7 (60.7)	5.88 (6.82)	10.2 (11.8)	3.05	Sept 2	2.75	4.15	3.75
Latham (James)	Yr to Mar 31	79.8 (80.1)	1.4 (1.86)	21.5 (27.4)	4	Aug 13	3.75	6.25	6
Photobition	Yr to Mar 31	18.9 (12)	2.9 (1.82)	18.71 (15)	3.9	Oct 2	3.6	6.5	3.6
Quality Care Homes	8 mths to Apr 30	10.3 (7.92)	2.41 (2.31)	14.13 (12.85)	1.815	July 30	1.85	-	4.85
Investment Trusts									
	Mar (p)	Attributable earnings (£m)	EPS (p)	Current dividend (p)	Date of payment	Corresponding dividend	Total for year	Total for year	Total for year
BZW Cosmetics	6 mths to Apr 30	143.5 (100.4)	30.4 (3.04)	3.9 (3.9)	-	-	-	-	-
Electra	6 mths to Mar 31	474.74 (440.03)	6.94 (4.68)	4.011 (2.704)	3.9	Aug 9	3.85	-	7.35
Hendeyport Shale	6 mths to Apr 30	480.1 (252.1)	0.002 (0.094)	0.01 (0.56)	-	-	-	-	1.4
Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. * Companies restated. † After exceptional credit. ‡ On increased capital. \$USN stock. \$A\$									

COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS

Copper losses 'absorbed'

By our Commodities Staff

The London Metal Exchange's copper market "has absorbed one of the world's biggest financial shocks and it has resulted in no major market problems and no financial failures," said Mr David King, chief executive of the exchange, on Wednesday.

This was a crucial day for the exchange in the wake of Sumitomo's claim that its senior copper trader had concealed losses of US\$1.6bn. On the third Wednesday of each month futures contracts must be closed or physical metal will be delivered.

This means that a big concentration of June business took place in the first three days of this week. The market

remained relatively calm, however. The hectic activity took place last weekend, traders suggest it is believed that the main thrust of this effort was to achieve a behind-the-scenes settlement of Sumitomo's outstanding contracts on agreed terms.

The aim was to prevent resumption of the ferocious battle for supremacy on the LME between the US hedge funds intent on driving copper prices down and Sumitomo, which previously had been intent on keeping prices up.

Without Sumitomo there, analysts suggest, the copper price has nowhere to go but down and sentiment yesterday, eight days after Sumitomo's shock revelation, was very bearish.

It was not helped by a 5,000-

tonne rise in LME stocks, which drove copper for delivery in three months to \$1.870 a tonne at one point, down more than \$100 from the previous day's close.

Nevertheless, LME stocks remain relatively low and very tightly held and anyone who wanted copper for nearby delivery was having to pay unprecedented premiums yesterday: \$30 a tonne to roll over a short position for one day and \$28 a tonne to roll over a position for a week.

"There were rumours that more metal was on its way to LME warehouses and there were worries about just how much stock Sumitomo had to sell and how quickly it would have to sell it."

If copper stocks once held by Sumitomo are liquidated, the price of copper will go down and go down a lot," said one trader last night.

Aluminium was affected by copper's weakness and by concern over a rise in stock levels. However prices ended the week at \$1.516 a tonne, up on last week's \$1.486 a tonne.

Longer-term price trends should be positive, said Flemings Global Mining Group, which this week predicted that aluminium would reach \$2.340 a tonne by late 1997. It expects aluminium stocks to reach critically low levels by the end of next year.

Iraq remained the most volatile factor affecting world oil prices. This week's standoff between Iraq and United Nations weapons inspectors in Baghdad caused oil prices to strengthen sharply on Monday, when the price of the benchmark Brent Blend for August delivery rose by 80 cents on the day to end at \$18.55 a barrel.

The sharp rise followed suggestions that the latest confrontation would undermine the recently concluded oil for food deal, under which Iraq will be allowed to export \$2bn of oil every six months to pay for food, medicine and other essential items.

Prices eased by midweek but they stayed above the \$18 a barrel level yesterday as traders awaited the outcome of talks yesterday between Iraqi and UN officials.

WEEKLY PRICE CHANGES

Commodity	Unit	Change	Year	High	Low
Gold per troy oz.	\$323.55	-0.50	\$289.75	\$415.40	\$375.00
Silver per troy oz.	\$32.50	+0.25	\$28.50	\$38.50	\$27.50
Aluminium 66% (cash)	\$1,600.00	-0.10	\$1,599.90	\$1,600.00	\$1,599.80
Copper Grade A (cash)	\$1,987.50	-15.5	\$1,972.00	\$2,010.00	\$1,967.50
Lead (cash)	\$754.00	-0.5	\$753.50	\$754.00	\$753.50
Nickel (cash)	\$7,000.00	-10.0	\$6,990.00	\$7,000.00	\$6,980.00
Zinc (cash)	\$2,000.00	-10.0	\$1,990.00	\$2,000.00	\$1,980.00
WTI (cash)	\$18.55	+0.05	\$18.50	\$18.60	\$18.45
Cocoa Futures Jul	\$1,000.00	-10.0	\$990.00	\$1,000.00	\$980.00
Coffee Futures Jul	\$1.00	-0.01	\$0.99	\$1.00	\$0.98
Sugar 11C Futures Sep	\$15.00	-0.20	\$14.80	\$15.00	\$14.60
Wheat Futures Jul	\$1.00	-0.01	\$0.99	\$1.00	\$0.98
Cotton Futures Jul	\$0.50	-0.01	\$0.49	\$0.50	\$0.48
Oil (Brent Blend)	\$18.55	+0.05	\$18.50	\$18.60	\$18.45

Per troy ounce unless otherwise stated. Source: LME, COMEX, NYMEX, OTC, etc.

BASE METALS

LONDON METAL EXCHANGE

(Prices from Antismogment Metal Trading)

ALUMINIUM, 99.7% Purity (\$ per tonne)

Copper, 99.95% Purity (\$ per tonne)

Zinc, 99.95% Purity (\$ per tonne)

Lead, 99.95% Purity (\$ per tonne)

Nickel, 99.95% Purity (\$ per tonne)

Tin, 99.95% Purity (\$ per tonne)

Silver, 999.9 Purity (\$ per troy ounce)

Platinum, 999.9 Purity (\$ per troy ounce)

Palladium, 999.9 Purity (\$ per troy ounce)

Rhodium, 999.9 Purity (\$ per troy ounce)

Iridium, 999.9 Purity (\$ per troy ounce)

Ruthenium, 999.9 Purity (\$ per troy ounce)

Cobalt, 99.95% Purity (\$ per tonne)

Manganese, 99.95% Purity (\$ per tonne)

Chromium, 99.95% Purity (\$ per tonne)

Vanadium, 99.95% Purity (\$ per tonne)

Molybdenum, 99.95% Purity (\$ per tonne)

Niobium, 99.95% Purity (\$ per tonne)

Tantalum, 99.95% Purity (\$ per tonne)

Zirconium, 99.95% Purity (\$ per tonne)

Hafnium, 99.95% Purity (\$ per tonne)

Bismuth, 99.95% Purity (\$ per tonne)

Antimony, 99.95% Purity (\$ per tonne)

Arsenic, 99.95% Purity (\$ per tonne)

Selenium, 99.95% Purity (\$ per tonne)

Tellurium, 99.95% Purity (\$ per tonne)

Cadmium, 99.95% Purity (\$ per tonne)

Mercury, 99.95% Purity (\$ per tonne)

Boron, 99.95% Purity (\$ per tonne)

Fluorine, 99.95% Purity (\$ per tonne)

Chlorine, 99.95% Purity (\$ per tonne)

Bromine, 99.95% Purity (\$ per tonne)

Iodine, 99.95% Purity (\$ per tonne)

Sulfur, 99.95% Purity (\$ per tonne)

Phosphorus, 99.95% Purity (\$ per tonne)

Nitrogen, 99.95% Purity (\$ per tonne)

Oxygen, 99.95% Purity (\$ per tonne)

Hydrogen, 99.95% Purity (\$ per tonne)

Helium, 99.95% Purity (\$ per tonne)

Neon, 99.95% Purity (\$ per tonne)

Argon, 99.95% Purity (\$ per tonne)

Krypton, 99.95% Purity (\$ per tonne)

Xenon, 99.95% Purity (\$ per tonne)

Radon, 99.95% Purity (\$ per tonne)

Francium, 99.95% Purity (\$ per tonne)

Radium, 99.95% Purity (\$ per tonne)

Actinium, 99.95% Purity (\$ per tonne)

Thorium, 99.95% Purity (\$ per tonne)

Protactinium, 99.95% Purity (\$ per tonne)

Uranium, 99.95% Purity (\$ per tonne)

Neptunium, 99.95% Purity (\$ per tonne)

Plutonium, 99.95% Purity (\$ per tonne)

Americium, 99.95% Purity (\$ per tonne)

Curium, 99.95% Purity (\$ per tonne)

Berkelium, 99.95% Purity (\$ per tonne)

Californium, 99.95% Purity (\$ per tonne)

Einsteinium, 99.95% Purity (\$ per tonne)

Fermium, 99.95% Purity (\$ per tonne)

Mendelevium, 99.95% Purity (\$ per tonne)

Nobelium, 99.95% Purity (\$ per tonne)

Lawrencium, 99.95% Purity (\$ per tonne)

Rutherfordium, 99.95% Purity (\$ per tonne)

Dubnium, 99.95% Purity (\$ per tonne)

Seaborgium, 99.95% Purity (\$ per tonne)

Bohrium, 99.95% Purity (\$ per tonne)

Hassium, 99.95% Purity (\$ per tonne)

Meitnerium, 99.95% Purity (\$ per tonne)

Darmstadtium, 99.95% Purity (\$ per tonne)

Roentgenium, 99.95% Purity (\$ per tonne)

Copernicium, 99.95% Purity (\$ per tonne)

Nihonium, 99.95% Purity (\$ per tonne)

Flerovium, 99.95% Purity (\$ per tonne)

Livermorium, 99.95% Purity (\$ per tonne)

Tennessine, 99.95% Purity (\$ per tonne)

Oganesson, 99.95% Purity (\$ per tonne)

Ununennium, 99.95% Purity (\$ per tonne)

Unbinilium, 99.95% Purity (\$ per tonne)

Untrium, 99.95% Purity (\$ per tonne)

Unquadium, 99.95% Purity (\$ per tonne)

Unpentium, 99.95% Purity (\$ per tonne)

Unsexium, 99.95% Purity (\$ per tonne)

Unseptium, 99.95% Purity (\$ per tonne)

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Unnennium, 99.95% Purity (\$ per tonne)

Unnilium, 99.95% Purity (\$ per tonne)

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Ununilium, 99.95% Purity (\$ per tonne)

Precious Metals continued

GOLD COMEX (100 Troy oz. \$ per oz.)

SILVER COMEX (100,000 lbs. \$ per lb.)

PLATINUM NYMEX (50 Troy oz. \$ per oz.)

PALLADIUM NYMEX (100 Troy oz. \$ per oz.)

RHODIUM NYMEX (100 Troy oz. \$ per oz.)

IRIDIUM NYMEX (100 Troy oz. \$ per oz.)

RUTHENIUM NYMEX (100 Troy oz. \$ per oz.)

COBALT NYMEX (100,000 lbs. \$ per lb.)

MANGANESE NYMEX (100,000 lbs. \$ per lb.)

CHROMIUM NYMEX (100,000 lbs. \$ per lb.)

VANADIUM NYMEX (100,000 lbs. \$ per lb.)

MOLYBDENUM NYMEX (100,000 lbs. \$ per lb.)

NIOBIUM NYMEX (100,000 lbs. \$ per lb.)

TANTALUM NYMEX (100,000 lbs. \$ per lb.)

ZIRCONIUM NYMEX (100,000 lbs. \$ per lb.)

HAFNIUM NYMEX (100,000 lbs. \$ per lb.)

BISMUTH NYMEX (100,000 lbs. \$ per lb.)

ANTIMONY NYMEX (100,000 lbs. \$ per lb.)

ARSENIC NYMEX (100,000 lbs. \$ per lb.)

SELENIUM NYMEX (100,000 lbs. \$ per lb.)

TELLURIUM NYMEX (100,000 lbs. \$ per lb.)

CADMIUM NYMEX (100,000 lbs. \$ per lb.)

MERCURY NYMEX (100,000 lbs. \$ per lb.)

BORON NYMEX (100,000 lbs. \$ per lb.)

FLUORINE NYMEX (100,000 lbs. \$ per lb.)

CHLORINE NYMEX (100,000 lbs. \$ per lb.)

BROMINE NYMEX (100,000 lbs. \$ per lb.)

IODINE NYMEX (100,000 lbs. \$ per lb.)

SULFUR NYMEX (100,000 lbs. \$ per lb.)

PHOSPHORUS NYMEX (100,000 lbs. \$ per lb.)

NITROGEN NYMEX (100,000 lbs. \$ per lb.)

OXYGEN NYMEX (100,000 lbs. \$ per lb.)

HYDROGEN NYMEX (100,000 lbs. \$ per lb.)

HELIUM NYMEX (100,000 lbs. \$ per lb.)

NEON NYMEX (100,000 lbs. \$ per lb.)

ARGON NYMEX (100,000 lbs. \$ per lb.)

KRYPTON NYMEX (100,000 lbs. \$ per lb.)

XENON NYMEX (100,000 lbs. \$ per lb.)

RADON NYMEX (100,000 lbs. \$ per lb.)

FRANCIUM NYMEX (100,000 lbs. \$ per lb.)

RADIUM NYMEX (100,000 lbs. \$ per lb.)

ACTINIUM NYMEX (100,000 lbs. \$ per lb.)

THORIUM NYMEX (100,000 lbs. \$ per lb.)

PROTACTINIUM NYMEX (100,000 lbs. \$ per lb.)

URANIUM NYMEX (100,000 lbs. \$ per lb.)

NEPTUNIUM NYMEX (100,000 lbs. \$ per lb.)

PLUTONIUM NYMEX (100,000 lbs. \$ per lb.)

AMERICIUM NYMEX (100,000 lbs. \$ per lb.)

CURIUM NYMEX (100,000 lbs. \$ per lb.)

BERKELIUM NYMEX (100,000 lbs. \$ per lb.)

CALIFORNIUM NYMEX (100,000 lbs. \$ per lb.)

EINSTEINIUM NYMEX (100,000 lbs. \$ per lb.)

FERMIUM NYMEX (100,000 lbs. \$ per lb.)

MENDELEVIUM NYMEX (100,000 lbs. \$ per lb.)

NOBELIUM NYMEX (100,000 lbs. \$ per lb.)

LAWRENCIUM NYMEX (100,000 lbs. \$ per lb.)

RUTHERFORDIUM NYMEX (100,000 lbs. \$ per lb.)

DUBNIUM NYMEX (100,000 lbs. \$ per lb.)

SEABORGIUM NYMEX (100,000 lbs. \$ per lb.)

BOHRNIUM NYMEX (100,000 lbs. \$ per lb.)

HASSIUM NYMEX (100,000 lbs. \$ per lb.)

MEITNERIUM NYMEX (100,000 lbs. \$ per lb.)

DARMSTADIUM NYMEX (100,000 lbs. \$ per lb.)

ROENTGENIUM NYMEX (100,000 lbs. \$ per lb.)

COPERNICIUM NYMEX (100,000 lbs. \$ per lb.)

NIHONIUM NYMEX (100,000 lbs. \$ per lb.)

FLEROVIUM NYMEX (100,000 lbs. \$ per lb.)

LIVERMORIUM NYMEX (100,000 lbs. \$ per lb.)

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UNSEXTIUM NYMEX (100,000 lbs. \$ per lb.)

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UNOCTIUM NYMEX (100,000 lbs. \$ per lb.)

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UNUNILIUM NYMEX (100,000 lbs. \$ per lb.)

GRAINS AND OIL SEEDS

WHEAT LCE (\$ per bushel)

SOYBEAN LCE (\$ per bushel)

CORN LCE (\$ per bushel)

BARLEY LCE (\$ per bushel)

RICE LCE (\$ per cwt)

COTTON LCE (\$ per lb)

SUGAR LCE (\$ per cwt)

COFFEE LCE (\$ per lb)

TEA LCE (\$ per lb)

PEPPER LCE (\$ per lb)

CLOVE LCE (\$ per lb)

CARDAMOM LCE (\$ per lb)

VANILLA LCE (\$ per lb)

SANDALWOOD LCE (\$ per lb)

AMBER LCE (\$ per lb)

JASPER LCE (\$ per lb)

JADE LCE (\$ per lb)

ONYX LCE (\$ per lb)

QUARTZ LCE (\$ per lb)

SAPPHIRE LCE (\$ per lb)

EMERALD LCE (\$ per lb)

DIAMOND LCE (\$ per lb)

GEMSTONE LCE (\$ per lb)

PEARL LCE (\$ per lb)

CORAL LCE (\$ per lb)

IVORY LCE (\$ per lb)

HORN LCE (\$ per lb)

SHELL LCE (\$ per lb)

BONE LCE (\$ per lb)

SKIN LCE (\$ per lb)

HAIR LCE (\$ per lb)

NAIL LCE (\$

COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700

Saturday June 22 1996

The sins of the fathers

When the prodigal son returned from his spending spree, he was lucky to find brothers working to finance his bout of consumption. Alas for the nations of Europe, they cannot turn to a bountiful parent, nor get much help from stronger economies. For 20 years, the governments of all advanced countries have been almost equally profligate.

Now, in an extraordinary conjunction of virtue, they are all seeking to retrench. The results are likely to be far from comfortable. The Organisation for Economic Co-operation and Development said in its latest Economic Outlook this week that the simultaneous attempt by all the big economies to cut their deficits "will represent a unique situation in recent history".

For European Union heads of government meeting in Florence this weekend, blunter words might be appropriate. It is a dreadful position to be in, as growth falters and unemployment in the Union moves up towards 15m people or more than 11 per cent of the workforce. Yet despite the wringing of hands, the options now open to European governments are fairly limited - as is usual for debtors.

European monetary union, which has been invested with huge political significance in France and Germany, requires that countries wanting to sink their currencies into the Euro must cut general government deficits to no more than 3 per cent of national income by 1999.

The OECD estimates that even taking account of the tough measures implemented last year, all the larger countries will fail. France and Germany are trying to make further cuts but they may not be enough. An Ecu comprising Denmark, Finland, Ireland, Luxembourg and the Netherlands is hardly the way to begin a new chapter in the continent's history.

Untouchable criteria
If the larger countries including Germany and France were to raise taxes (or cut spending) enough to meet the target, this would amount to a tightening of some 1 per cent of the EU's gross domestic product, just the opposite of what is needed to provide more jobs.

Perhaps they should follow the lead of Bobby Fischer, the former world chess champion, who wants to jumble up the pieces on the principle that if you cannot beat the system, change it. The criteria laid down for monetary union by EU leaders in Maastricht may be arbitrary, but like the laws of chess they seem untouchable.

Markets certainly expect Ecu to be achieved, as is evident from the convergence of long bond rates in EU countries including France and Germany.

So any backsliding from the Maastricht timetable could send an adverse signal to the markets, push up long rates and make the prospects for growth significantly bleaker. Besides, the reasons for wanting to pass through the Maastricht defile are compelling even without the shadow of monetary union. EU governments have piled up debts equal to more than 75 per cent of total GDP, almost twice the proportion at the end of the 1970s.

Financial rectitude

Germany, that model of financial rectitude on which the ideals of monetary union were once based, is now producing a string of statistics which look as if they were "made in Britain". Its public debt is now higher as a proportion of national income than the UK's, despite the UK's orgy of deficit financing since 1990. Its unemployment rate is not only higher than the UK's but expected to increase to 10.4 per cent of the workforce by 1997, compared with a decline in the UK to 7.5 per cent. And just to make things more difficult, Germany's latest money supply figures (M3) last week showed an annual growth rate of 10 per cent, the same as the growth rate of Britain's M4, both above target.

So the balance between taxes and spending can hardly be loosened, even if it is decided to dilute the Maastricht criteria with a splash of pragmatism. That leaves interest rate policy - on which the OECD clearly pins its best hopes. The German discount rate at 2.5 per cent is at its lowest since the 1950s apart from a couple of episodes. The repurchase rate, at 3.3 per cent, might perhaps be edged lower, but the latest money supply numbers hardly encourage this.

The authorities' best hope is of creating a virtuous circle in which fiscal tightening will encourage long rates to come down and, after a bumpy ride, help to encourage a renewal of growth. Clearly this will be affected by developments in the US. But although short rates have risen, bond rates may not need to rise much providing inflation is kept under control.

And if the economies can come through an unpleasant period relatively unscathed, the OECD foresees at least one great prize: extremely subdued inflation, perhaps even lower than 1 per cent by 2000. The bond markets have not yet moved into this brave new world. Perhaps they will not believe it until they see it.

Not yet peace in our time

Tory backbenchers are reserving judgment about Mr Major's success in handling the beef crisis, say Robert Peston and John Kampfner

John Major appears to be dogged by a mischievous angel in his dealings with the European Union. From his travel arrangements to his attempts to convince the British electorate that he has won a famous victory against EU intransigence, if it can go wrong it probably will.

His journey to the Florence summit was strewn with problems. On Thursday night, the prime minister's flight from London was diverted to Pisa because of a power failure at Florence airport. But Mr Major struggled on. And although the EU summit in the heat of Florence yesterday agreed a framework for the gradual lifting of the EU ban on British beef exports, UK attempts to portray the agreement as meeting all its objectives were immediately ridiculed by other participants.

The confusion stemmed from whether the UK would be allowed to sell beef to countries outside the EU before it is able to export the meat to Europe. The UK interpreted a single sentence issued by the EU presidency, Italy, as giving it this opportunity. Others said the sentence was more or less meaningless. "Frankly it was a symbolic gesture to allow Major to pretend to his party that he is riding home in triumph," said an official from another European country.

The UK government reacted furiously. "The Commission cooked it up," said a senior British official. But what really overshadowed the prime minister's expected hour of glory was the report, which surfaced only hours after he reached Florence, that Mr David Davis, the UK's foreign office minister for Europe, had offered his resignation. One of his most ambitious ministers, Mr Davis played a central role in the government's campaign to disrupt EU business over the past month.

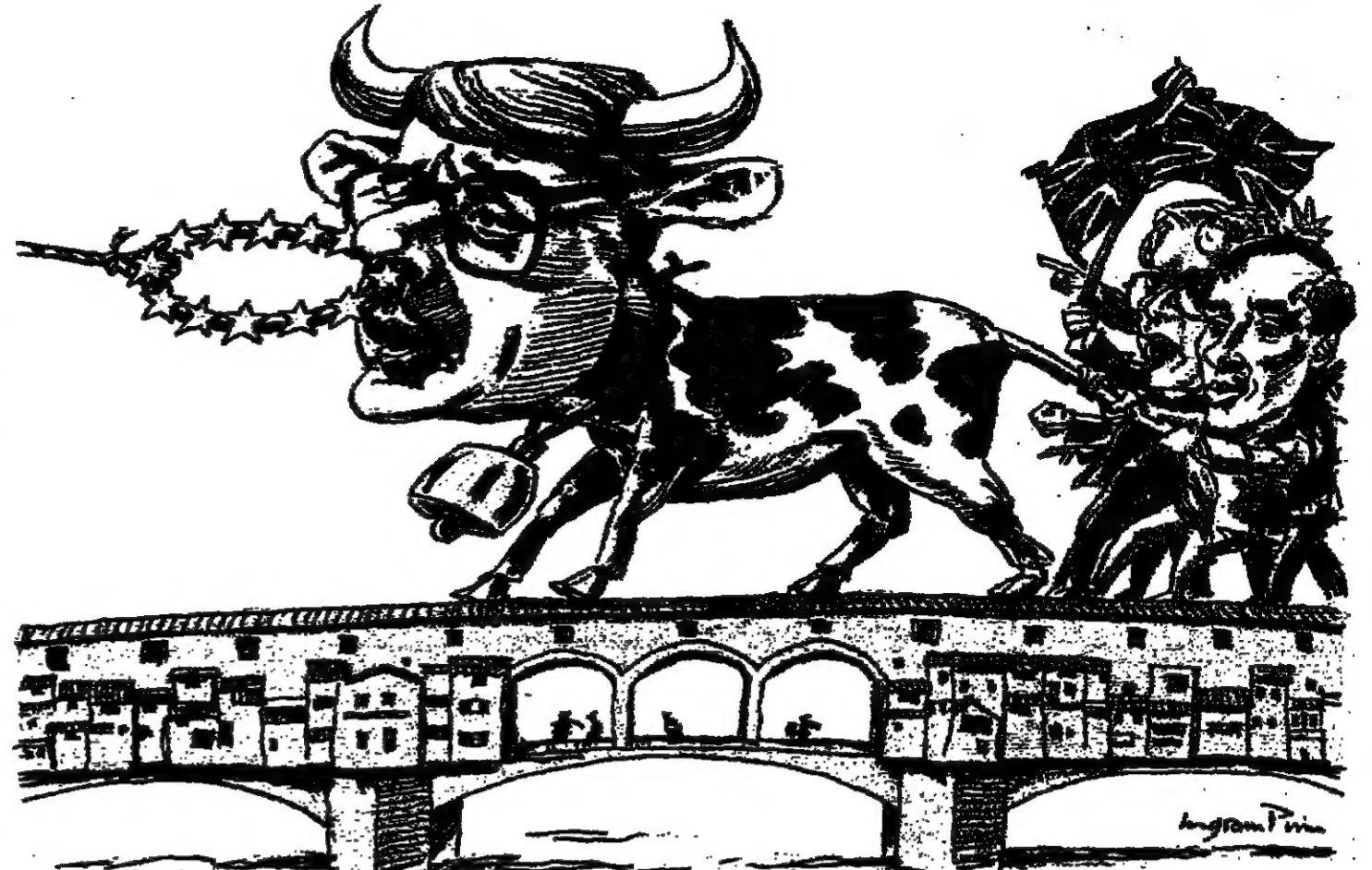
Mr Davis had apparently written a letter saying he wished to quit for a mixture of personal reasons and unhappiness at the direction of EU policy. His resignation had not been accepted and he was said to have been placated by the offer of a cabinet post later this year.

It later emerged that his discontent probably preceded the campaign to disrupt EU decision-making. But even so, the disclosure reports were potentially damaging for the Tory party's fragile unity.

The rot had to be stopped. Some time after 2am yesterday, a statement from Mr Davis was eventually produced, dismissing the reports as "rubbish". He would be arriving in Florence to play a full role in the government's negotiations.

But on the question of whether and when a letter had indeed been written, Downing Street officials refused to be drawn. In a world of mutual mistrust between journalists and government, a non-denial is regarded as confirmation. What the prime minister described as a "silly story" is thus unlikely to subside quickly.

The incident came at the end of a



week in which Mr Major - to use his latest pet phrase - had had a "bellyful" of the media. He was incensed by newspapers presenting progress towards lifting the EU's ban on UK beef exports as a British climbdown.

He insists he has achieved all the goals set when launching his campaign of refusing to co-operate in EU decision-making. "When we pressed the button, we made it perfectly clear that we wanted a lifting of the ban on exports of derivative products [beef, tallow and gelatine] and a framework for the eventual lifting of the whole ban," says one of his close colleagues. "And that is what we have got."

The problem for Mr Major is that while he may have been careful over the past few weeks not to elaborate on these goals, some of his ministerial colleagues were not. Some suggested the UK would not accept any increase in the cattle cull and allowed the idea to gain currency that there would be a firm timetable for lifting the ban.

In the event, the UK has been forced to agree to a significant increase in the number of cows to be destroyed in an accelerated programme of slaughter. The state-ment on mad cow disease in the summit declaration increases the probability that future decisions on the phased lifting of the beef ban will be based on "scientific and technical advice" and not be vulner-

able to European political rivalries. But the plan agreed yesterday does not contain a timetable for lifting the ban on UK beef exports.

It is all a far cry from ministers' hopes a month ago that the campaign against the EU would blind the Tory party together and entrench the UK electorate. Meanwhile, senior members of the cabinet are now distancing themselves from the nationalist element of the battle. Mr Malcolm Rifkind, the UK foreign secretary, insisted that "it was newspapers that adopted all this stupid rhetoric about war and Falklands factors and all this rubbish", although he did not "doubt that there were some parliamentarians who also got carried away".

In assessing the final balance sheet of the European offensive, Mr Major's allies say he has had no choice but to take drastic action. The sight of Mr Douglas Hogg, the agriculture minister, being rebuffed in European capitals in his attempts to lift the beef ban, had increased hostility among Eurosceptics at Westminster. "Dear old Douglas kept on coming home and saying 'we're making progress but it won't be today'," said one minister. Now the crucial question for the prime minister is how his parliamentary colleagues will react to the Florence deal. Labour business managers are likely to use the next

available day to table an opposition motion to condemn the government's handling of the beef crisis.

Gauging the Tory party's mood yesterday was difficult, since MPs had returned to their constituencies for the weekend. But some of the more aggressive Eurosceptics were surprisingly amiable. Mr Bill Cash, the MP for Stafford who has been a constant thorn in Mr Major's side, said the "tough action" had "brought a resolution to the question sooner than expected". There was even praise for Mr Jacques Santer from Sir Teddy Taylor, the arch-Europhobe MP for Southend. He said the European Commission president had been "more than helpful".

However most backbenchers said they wanted the weekend to mull over the deal and ascertain whether the government had secured any enforceable arrangement on when the UK can resume exports to countries outside the EU. One former minister made clear that the stakes were high. "If Major has let us down, he'll rue the day he ever started this," he said.

Mr Major had hoped the decision by the backbench 1922 committee to prevent any leadership challenges until after the next election would end the sniping against him. But while there has been the odd month of relative peace since last summer's leadership election, the government's disclosure in March of a

possible link between BSE and Creutzfeldt-Jakob disease in humans shattered any hope of calm.

The febrile atmosphere of recent weeks - when the prime minister has been trading thinly disguised insults with his predecessor, Lady Thatcher - mirrors events exactly a year ago. Then, a series of hostile meetings with backbenchers convinced Mr Major he had no choice but to "smoke out" his adversaries and invite them to challenge him for the party leadership.

There is no speculation about a further leadership contest at the moment. In spite of Labour's commanding lead in the opinion polls, there is even talk about an autumn general election, rather than going to the country at the last possible moment next May.

"Personally I think it would be collective suicide to go so soon," says a senior cabinet minister. "Although Major has this funny habit of taking us by surprise." But even recognising Mr Major's penchant for the unexpected, an early election in part depends on some improvement in the party's popularity. That in turn depends on restoring Tory unity.

Falling off both, in the words of Mr John Redwood, last year's challenger for the party leadership, "hinges on Europe". *Comme tous les jours*, Mr Major might have missed yesterday, in a fleeting gesture of European solidarity.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to "line"), e-mail: letters.editor@ft.com. Translation may be available for letters written in the main international languages.

Immense potential to be unleashed in E Europe

From Mr Keith Richardson.

Sir, The rampant Euroscepticism of Martin Wolf's article ("Thinking the unthinkable", June 18) defies belief. To dismiss the strategic importance of Europe's internal market by a comparison with Hong Kong is facile. Where would Hong Kong be without its "privileged access" and indeed leading role in one of the world's most dynamic internal markets, namely China? Every region in the world is different. Europe should learn what it can from the Far East but has to build on its own strengths and eliminate its own weaknesses. The most positive dynamic factor in Europe is the slow evolution from mid-century fragmentation towards the open and integrated economy in which skills and resources flow freely, to the benefit of customers, workers and investors alike.

The internal market is one step on the road, still uncompleted, but it has already made a decisive contribution towards cutting costs and checking inflation throughout

Europe. The single currency is the essential next step, buttressed as it must be by continuing financial discipline. Enlargement into central and eastern Europe is a further move of immense implications - like finding a Far East on our own doorstep if we can unleash the potential there.

The issue for the UK is whether it wishes to play a leading role in this process or not. Staying in will be hard and raise many complex problems, to be tackled in concert with friendly partners. But going out would be harder, a step into the unknown, posing challenges that are quite unpredictable. It is the British voters who would pay the cost. They deserve to be better informed before they decide.

Keith Richardson, secretary general, The European Round Table of Industrialists, Avenue Henri Jaspard 113, 1060 Brussels, Belgium

Out of tune with this game

From Mr Tom Gillie and Mr Owen Cryan.

Sir, If the music headed *Ode to Joy* in the illustration to the article "Why soccer is still scoring" (Weekend FT June 8/9) is to be our guide, our chances of playing the tune adopted for the European Football Championship will be even lower than England's chance of winning it.

Tom Gillie, aged 8, Owen Cryan, aged 9, 19 Huddell Road, London N7 0AD, UK

From Mr Geoff Gibas.

Sir, Yellow card for Simon Kuper! While football demonstrates europhilia the Financial Times writes for North America ("Why soccer is still scoring", June 8/9).

Even CNN calls the beautiful game football... not to mention FIFA, UEFA and the FA. Play the game gentlemen, please.

Geoff Gibas, Gibas & Partners, 3-1600 Greenwood, Belgium

Extend powers of the Queen

From Mr Ted Robinson.

Sir, The Liberal Democrats' proposal to curb the Queen's powers sounds nice. What is needed in this age of ignorant and incompetent politicians is surely an extension of the powers of a level-headed monarch such as our Queen. I was considering transferring my allegiance from the

Conservatives to the Liberal Democrats, but this incredible news puts my vote in the melting pot again.

Ted Robinson, 2 Pound Cottages, Lutfield, Devon TQ13 9TJ, UK

BAA regulatory regime comes at high price

From Mr Gideon Nellen.

Sir, Why is BAA's share price trading at a prospective earnings multiple of more than 14 whereas most other regulated monopolies trade at 10? Lex (June 13) answers this question by pointing out that the Monopolies and Mergers Commission (presumably relying on evidence from BAA) underestimated BAA's capital base and allowed it to earn 10 per cent on its capital rather than the target of 7.5 per cent and that investors are speculating on the cosy regulatory regime continuing.

However, the MMC would also have relied on BAA's flight forecasts. As BAA has consistently underestimated these it is likely that the MMC would have done likewise. Its price-capping of landing fees artificially stimulates an insatiable appetite by the airlines to land at Heathrow, where charges are already among the lowest in the world.

The scale of the under-charging has been estimated at \$50m a year - a sum which could usefully be levied by the government and spent on, for example, upgrading London's falling underground transport system.

The UK is paying a very heavy price for this perverse regulatory regime which subsidises airlines to use Heathrow and which fails to recognise the environmental impact on London which this policy causes.

Gideon Nellen, Nellen & Co, solicitors, 19 Albemarle Street, London W1X 3BA, UK

Premature to suggest ending of Net Book Agreement is ineffective

From Mr W.J. West.

Sir, Francis Fishwick's suggestion that the abolition of the Net Book Agreement in the UK has failed to trigger a surge in sales ("Ending Net Book Agreement fails to boost sales", June 20) is premature. It will take some time for the new regime to bed down after more than a century of regulation, and there are already pointers to its likely success.

Mr Eddie Bell, executive chairman of HarperCollins, recently disclosed that sales of Lord Archer's

The Fourth Estate had reached 260,000 copies against an initial sales projection of 175,000 copies. There is clear evidence that this is because of the abolition of the Net Book Agreement and the efforts of independent booksellers that Mr Fishwick claims are powerless in the face of large chains.

Here in Exeter, Waterstone's and Dillons are both selling *The Fourth Estate* at its full price of £16.99 - for all the world as if the NBA was still in operation. W.H. Smith is offering discounted copies at £8.49. But the

real bargain is from a small high street bookshop that has taken the new regime to its heart. It is offering *The Fourth Estate* at £7.99, and if you chance to call during its "happy hour" the price falls by a further 10 per cent to £7.19. The same firm is offering the latest John Grisham book at a large discount.

The gap between the two large chains which are pretending nothing has happened post-NBA, and the small shop that must scarcely be making a profit, is far too wide. No doubt the market will

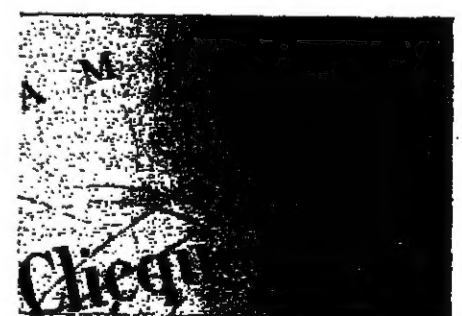
settle down to something akin to the US experience where the larger chains typically offer a 33 per cent discount on the top 10 sellers.

Mr Bell's achievement in selling 260,000 copies of Lord Archer's stately volume suggests sales will increase, and by more than enough to cover lost margin. The key, of course, is genuine new sales.

W.J. West, Moorhayes, 36 Fairpark Road, Exeter, Devon, UK



OUT FOR A DUCK



IN FOR A TREAT

THE CHAMPAGNE TEST MATCHES BY PAIR, LONDON	20-24 June
CHAMPAGNE OPEN	20 June-17 July
WINE AND FOOD CHAMPAGNE	21 June-17 July
ROUND THE FARMER'S CUP, 100% WINE	23 June
YET TO CHAMPAGNE GOLD CUP, 100% WINE	25 June-27 July
HARVEY ROBINSON	1-7 July
HARVEY ROBINSON	8-14 July
HARVEY ROBINSON	15-21 July
THE CHAMPAGNE TEST MATCHES BY PAIR, LONDON	22-28 July
CHAMPAGNE CHAMPAGNE	29 July-5 August

Veuve Clicquot
CHAMPAGNE OF THE SEASON

Man in the News · Alexander Lebed

Crown prince in command

Chrystia Freeland on the general who could yet be Russian president

Power is never given, it can only be seized. Mr Alexander Lebed growled to reporters this week. It is a phrase which nicely summarises the political philosophy of the 46-year-old retired general who this week took third place in the first round of voting in the Russian presidential election.

Mr Lebed's instinct for grasping the main chance has been demonstrated over the past few days with a series of deft political manoeuvres which have transformed the unemployed soldier into one of the men most likely to succeed Mr Boris Yeltsin as the country's president.

In less than a week, Mr Lebed has managed to use his unexpectedly strong third place showing in last Sunday's election to seize one of the most influential jobs in the country. His admission into the Kremlin came at the will of Mr Yeltsin, who gave his former rival top job in the powerful Security Council in an effort to win the support of the 11m Lebed voters in the second-round ballot on July 3.

Mr Lebed acted quickly to transform this presidential gift into real power. Just a few hours after stepping into his new post, the maverick commander was already ruffling feathers with his casual announcement that he had thwarted a "mini-coup" planned by five generals loyal to Gen Pavel Grachev, the former minister of defence who was sacked at the same time that Mr Lebed was appointed.

Mr Lebed's boldness earned him a swift public rebuke from Mr Victor Chernomyrdin, the prime minister, who dismissed the new security chief's claim

as "nonsense" and sternly advised the newcomer to "behave more quietly". Yet less than 24 hours later, Mr Lebed was at it again, warning that "any mutiny will be quashed with extreme severity" in a 3:30am television broadcast.

It was this nocturnal performance which marked Mr Lebed's emergence as something more than a cheerleader for the Yeltsin campaign. By taking to the airwaves, the towering military man who had campaigned on a moderate nationalist ticket openly aligned himself with the Kremlin's liberal faction in its pitched battle against the hardliners.

So far, that looks to have been an astute move. Mr Yeltsin, who has been both prize and referee in the three-year internecine contest between the reformist and conservative wings of his government, this week handed a significant victory to the reformists by sacking the three top hawks from his government.

That outcome has been doubly good for Mr Lebed. It has earned him the gratitude of the triumphant reformers, who publicly credited Mr Lebed with their victory. And, with most of the country's hardliners gone, Mr Lebed's rule over the nation's vital security forces today seems virtually unchallenged.

This week's elevation is little short of a political miracle for a man who was in disgrace less than a year ago for his quarrels with army top brass. He was forced to abandon the dusty provincial town of Tiraspol, capital of a Russian breakaway enclave in the former Soviet republic of Moldova where he commanded the 10,000-strong 14th army. But in the eyes of many political observers, not least Mr Lebed himself, it is merely the harbinger of greater things to come.

Even two years ago, as an obscure officer stationed on the outskirts of a crumbling empire whose main distinction was a talent for insulting his superiors, Mr Lebed believed he was destined to rule Russia. He had watched the seemingly hegemonic Soviet regime crumble in hot spots including Afghanistan and the coup-threatened Moscow of August 1991. He publicly mused that the Kremlin should be occupied by a stern military man in the mould of General Augusto Pinochet, the former Chilean leader, and offered himself in that role "if the country needs me".

A physically imposing man who boasts of his daily cold showers and moderate drinking habits, Mr Lebed's confidence has been understandably bolstered by the heady events of the past six days.

Just a few hours after polls had closed showing him in third place, Mr Lebed was already gruffly informing television viewers that his strong performance was inevitable because he was "a born winner". When he strode into the Kremlin two days later to join the president's team it was with the confidence of the nation's crown prince.

That is an impression the country's sovereign, Mr Yeltsin, has been happy to foster, hinting publicly that Mr Lebed is his chosen successor. But there are dangers for the general in tying his fortunes too closely to the current regime.

The biggest question hanging over the government Mr Lebed has just joined is the July 3 run-off between the president and Mr Gennady Zyuganov, his communist challenger. Mr Yeltsin's 3 per cent lead in the first round of voting has made many observers complacent about the final showdown, sparking a forecast of victory by many of the president's senior supporters and a surge in the Russian stockmarket.

But some Russian politicians and western observers are less sanguine. Foremost among the prophets of doom were the ousted hardliners who had been insisting this week that

Mr Yeltsin stood a good chance of being defeated. They argued that in contrast with the communists' highly motivated constituency of some 25m, Mr Yeltsin's backers are less passionate and more likely to skip the tiresome second round of voting altogether. They also predicted that summer holidays and the conclusion of the Moscow mayoral race, which had helped bring out the vote in the capital, could further depress the president's fragile levels of support.

It is Mr Lebed's assignment to till the odds back in Mr Yeltsin's favour by persuading most of his supporters to follow him into the Kremlin camp. But while it is a mission on which Mr Lebed has waged his political future, it could turn into the classic military nightmare: being given an order you do not have the resources to fulfil.

The aggrieved communists have sniped that "voters are not serfs, who can be sold from one master to another". That is a particularly apt comment for Mr Lebed, because his appeal has been mainly to an amorphous nationalist constituency which may not easily be persuaded to back a president who until a few days ago Mr Lebed was describing as "a minus" and "a sick former party boss".

But even if Mr Lebed suc-

ceeds in convincing enough voters to support his former rival, he could still face a rocky future. In uniform, he had a rough tongue which sometimes jeopardised his career: he liked to describe the defence minister as "a prostitute", a nickname which ultimately forced the maverick officer into early retirement.

By his own admission, Mr Lebed is "new at this job of being a party boss". In the byzantine corridors of the Kremlin this outspoken son of the free-wheeling Don cosacks could soon find that his independence makes it easy for opponents to outmanoeuvre him.

If he is as clever as he is ambitious, Mr Lebed will take as his model the other deep-voiced, rough-hewn provincial boy who made it to the plush confines of the Kremlin: Boris Yeltsin. Like his younger ally, Mr Yeltsin is a wilful, stubbornly self-confident man who also occasionally alienated his superiors during his long climb to power with impulsive attacks. But while Mr Yeltsin may look like the innocent flower, his folksy - even crude - exterior, conceals the serpentine heart of a cunning party functionary who rose to the top of the ruthless Soviet hierarchy.

Better than his protégé, Mr Yeltsin knows that true power can only be seized. He is also certain to realise what may not have fully dawned on Mr Lebed: that all the authority the retired general currently enjoys was the president's gift. As three of Russia's mightiest men have already discovered this week, what the president gives, he can also take away.



Hollywood's excesses are to be reined in as earnings from film-making fall, says Christopher Parkes

Screened for viability

A rapid-fire sequence of big-budget Hollywood films promises record takings at US cinemas this summer, with likely ticket sales estimated at up to \$2.6bn (£1.63bn).

However, expectations of box office success have also raised urgent questions about whether profits might be much better if there was not quite so much of a good thing. Complaints are rife that films which would otherwise have enjoyed long runs are being pushed out of cinemas prematurely by the rush of new releases.

Walt Disney's search for an answer was revealed this week when Mr Joe Roth, the group's studio chief, announced plans for the company to halve live action film output to about 20 releases a year. The move is the first by a leading studio to tackle the glut. It may also spell curtains for low-budget Disney movies such as *Celtic Pride* aimed at teenagers. "Young audiences come and see hit movies like *Twister* just like everyone else, and are not interested in movies aimed at them," said Mr Roth.

Twister, the tale of a tornado and its trail of destruction, started the season with a bang and has so far taken \$300m at the US box office. It opened two weeks ahead of cinema's traditional summer start on Memorial Day weekend at the end of May, to avoid clashing with *Mission: Impossible* starring Tom Cruise. *Mission: Impossible* broke all box-office records for the weekend, before being knocked off the top spot by *The Rock*, a Disney action movie set in Alcatraz.

This year's full-length animation feature from Disney, *The Hunchback of Notre Dame*, opened yesterday. Despite clashing with the release of



And out: big studios plan to slash output as schedules become crowded with blockbusters such as *Twister* (left) and *Mission: Impossible*

Arnold Schwarzenegger's latest, *Eraser*, it is expected to be as popular as predecessors such as *Pocahontas*. Still to come are an estimated three or four new releases every week until the end of August, including *Independence Day*, a \$75m alien-invasion thriller from 20th Century Fox. Thanks to its advance promotion as "movie of the year", it will be the only blockbuster released on the July 4 holiday weekend.

But if summer came early to Hollywood this year, winter is close behind. Analysts say this year's profit prospects are no brighter than last, when film earnings at market leader Disney fell an estimated 35 per cent. The three production companies owned by Turner Broadcasting System generated operating profits of just \$57m last year, a return of only 6 per cent on a \$1bn investment. Viacom, the entertainment conglomerate, blamed poor

returns from its Paramount Studios for a 60 per cent dive in first-quarter earnings this year. Viacom has now promised a more "cautious" approach to film-making and is considering holding over until 1997 some of the 23 releases planned for this year.

Disney's decision to halve output was foreshadowed by a second quarter write-off of \$60m as a batch of development projects was cancelled. Rival studios saw the move as a retreat, signalling the failure of Disney and its associates - which routinely account for 20 per cent of Hollywood output - to squeeze the competition by sheer weight of numbers. But the reasons behind the retrenchment are more mundane. They include cost-inflation and a glut between film supply and demand. US cinema attendance is stagnant: the box office gross rose 1 per cent to a record \$5.4bn last year thanks

only to higher ticket prices. Yet the number of titles released increased almost 10 per cent and production and marketing costs rose by up to 15 per cent to more than \$50m a film. A shortage of sure-fire box-office stars has resulted in a bidding war for leading actors which last year saw Sony Pictures paying \$20m to Jim Carrey, star of comedies such as *Dumb and Dumber*, for the lead role in *The Cable Guy*.

Released last weekend, the \$70m black comedy is reported to have made an uncertain start. According to Hollywood's rule-of-thumb, a picture's ultimate financial success depends on its generating domestic box office sales of twice its production costs, so projections of \$80m in ticket sales for *The Cable Guy* suggest financial failure could be looming. Future revenues from video sales and rentals, and

sales to TV networks, are closely related to a movie's initial performance.

However, the present squeeze has come too late to prevent the number of US film releases this year exceeding last year's 495. Inevitably there will be casualties. Late last year Carolco Pictures, the independent studio responsible for the *Rambo* and *Terminator* series, collapsed and the assets were bought by 20th Century Fox for \$50m. The independent's *Cuthbert and the Island*, a \$75m pirate saga, was the first casualty of 1996, sinking straight to the bottom shelf of the video rental stores. Several other independents, including Samuel Goldwyn and Hemdale Productions, have also collapsed.

Others have found protection beneath the wings of acquisitive groups. Miramax, maker of *Pulp Fiction* and distributor of *Il Postino*, is safe under Disney

patronage. New Line Cinema, responsible for early Jim Carrey hit *The Mask and Seven*, was acquired recently by Turner Broadcasting System and last year ordered to double its output.

The results have been less than rewarding so far. Turner has since written off \$60m against scrapped projects, while its *Castle Rock* studio - maker of *The American President* - is up for sale.

But money, according to Disney's Mr Roth, is not the only issue. There is simply not enough talent in the market to produce 40 well-told, well-directed and well-cast Disney films every year, he said.

Possibly not in Hollywood. But some studios are increasingly going further afield to unearth talent and alternatives to the special-effects, big-budget blockbusters which obsess Tinseltown.

For example, Castle Rock has bought in "art" movies, including US production *The Spitfire Grill*, the audience's favourite at a recent independent film festival. Columbia grossed more than \$100m with *Seven* and *Good Will Hunting*, which featured a host of British talent and was made for \$17m. And Universal's distribution holds last year of the *4th Deadly Sin*, the Australian-made charmer, reputedly made a handsome profit after the disappointment of the studio's own *Waterworld*, said to be the most expensive film ever made.

Hollywood would be a happier place if it had a pig like *Babe* for every turkey like *Cuthbert and the Island*. Founded on fantasy and excess, this will not fade easily despite the recent signs of restraint.

Portrait of a reviving market

Antony Thorncroft on hopes of a recovery in fine art prices

At 7pm on Monday Mr Simon de Pury, chairman of Sotheby's Europe, will take the rostrum for what could be the most important fine art auction in London for six years.

In just over an hour he will try to raise at least \$30m from 75 works of impressionist and modern art, including a landscape by Cézanne estimated to be worth up to \$2m. If successful he will have achieved London's highest auction total since June 1990 when a comparable sale brought in \$36m. More important, success will signal that the recent revival in prices in the international art market has some foundations.

It will also please Christie's, Sotheby's arch rival, which holds its major summer auction, with 61 works including a \$3m Modigliani portrait, on Tuesday evening. Although the two auction houses have competed furiously for many of the paintings on offer, each knows it will benefit from the success of the other.

The fall of the art market was sudden and steep. In 1990 Christie's in New York sold a Van Gogh portrait for \$82.5m (\$43m), a record for art at auction. Six months later, at the next comparable sale in London, 53 works of art offered by Christie's raised just £10.3m.

The Japanese, who drove up prices in the late 1980s, had suddenly disappeared with the collapse of Japan's bubble economy. The turnover of Sotheby's and Christie's fell more than 50 per cent in the 1990-91 season.

Prices for good, but unexceptional, paintings by the leading Impressionist and Modern Masters are still about a third to a half lower than at the 1989-90 peak. Last November in New York Sotheby's sold Picasso's "Le divan Japonaise" for \$3.6m, well below its \$4m pre-sale estimate and dramatically below the \$5.25m it fetched in 1989.

The auction houses emphasise that sales are no longer the domain of speculators. "Ninety-nine per cent of bidders in the room will be collectors," says Mr Philip Hook, director of Sotheby's Impressionist department. "In the late 1980s around 60 per cent would have been speculators."

Both houses have been very selective in the works included in their sales, both in quality and freshness to the market. They will also have tried to dampen down the expectations of sellers to persuade them to accept reasonable targets.

It is always tempting to agree to sellers' high estimates and reserves to win their business, as Sotheby's found last November in New York with an important group of six paintings. Five went unsold. This time "80-90 per cent of

the lots in the sale carry our estimates", says Mr Hook. The new realism was confirmed at the next major sale in New York in May. "La point d'Argenteuil" by Renoir sold for \$1.98m, above its estimate, but well below the \$3.55m it cost in 1989. Picasso's portrait of his sleeping mistress, "La lecture", went for \$4.8m as against \$6.5m in 1989. Christie's has decided to promote next week's batch as bargains. "La famille", a sketchy, run-of-the-mill painting by Renoir, carries an estimate of \$450,000-550,000. It was sold for \$2.2m in 1989.

Next week's sales also show Sotheby's and Christie's competing in professionalism rather than undercutting each other. When the market collapsed, sellers were reluctant to expose their art at auction. To secure consignments both houses were forced to cut their charges for selling multi-million pound collections to nothing, leaving them dependent on commission paid by buyers for much of their income.

The competition bit deeply into profits and when the 1995-96 season started last September, both Sotheby's and Christie's announced a sliding, non-negotiable scale of charges for sellers. To secure the best collections, and the highest possible prices for vendors, they would provide a better marketing service.

So far, the new charging system is holding firm. Freed from spending their time negotiating deals, the experts at Sotheby's and Christie's have been able to prepare more informative catalogues and court prospective sellers and buyers. The result is that the most important pictures on offer next week will have been transported around the world, and seen by most of the hundred or so buyers prepared to pay \$1m for a picture.

With strong pre-sale enquiries, the signs are that the sales will be successful. The May sales in New York showed that middle-level pictures, priced between \$500,000 and \$1m, are once more in demand, with old collectors returning and new ones appearing. The Asians were also back, accounting for 16 per cent of sales at Christie's - with Taiwanese and Korean buyers joining the Japanese.

Some painters have such international appeal that good examples of their work became a global currency: Impressionists like Monet and Renoir; post-impressionists such as Cézanne and Van Gogh; and 20th century modernists like Picasso and Braque. Speculation devalued that currency after 1980 but the auction houses now hope to rebuild confidence in the artists who provide the biggest source of their profits.

Intoxicated by success down at the local

Entrepreneurs like Michael Cannon have transformed the face of the British public house, writes Roderick Oram

The small convoy of vans bearing the logo "Magic Pub Company on Tour" poured into Bradford-on-Avon in Somerset early one morning last year and pulled up at the King's Arms, a pub that had been closed for seven years. A gang of workmen piled in, shooed out the nesting pigeons and began refurbishing the premises. By 7pm, it had reopened as the Sprat and Carrot.

Michael Cannon, 55, has "cannons" more than 700 British pubs over the past 23 years, making him almost £100m in the process. Some £70m of that came this week as his share of the £197.5m paid for the two-year-old Magic Pub Company by Greene King, the regional brewer.

"He is a genius at visualising how to turn round pubs," says a City analyst, who as a young brewery employee extended trade credit to Cannon in his first venture, a £20,000 half-share in a Bristol pub. "Others call in teams of architects and designers but he turns up with Sally (his wife) and a team of his own tradesmen."

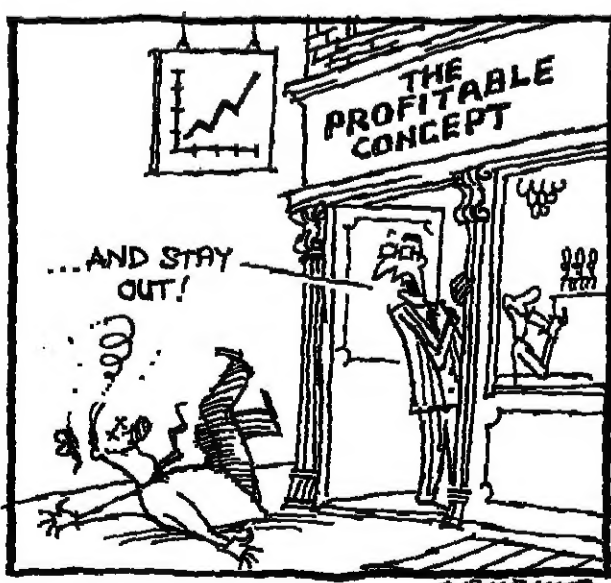
Entrepreneurs such as Mr Cannon have been transforming the face of the British pub. Once the local offered little

more than a pint of beer and a packet of crisps, but today's pubs provide a cornucopia of exotic food and drink, amenities from children's playrooms to no-smoking bars and special events.

Mr Cannon has become something of a "serial entrepreneur" in the business. His penultimate venture was at Devenish, the west country pubs group which he sold to Greenalls Group for £214m in 1993. He created the Magic Pub Company in 1994, renovating three or four pubs a week in the first year. "His foot was absolutely flat to the boards," says a colleague. He invested £31m in his 277 pubs, almost all acquired from Scottish & Newcastle for £100m.

Three others have been similarly successful: David Franks, managing director of Regent Inns, the listed company worth £300m; Tim Martin, chairman of J.D. Wetherspoon, valued by the stock market at \$400m; and Peter Dickson, managing director of Yates Brothers Wine Lodges, worth £180m at its current share price.

The big breakthrough for



Messrs Cannon and Franks came in 1989 when the government ordered national brewers to shed large chunks of their pub estates to increase retail competition. The brewers sold off what they regarded as their least promising premises -

pubs that with investment and good management have proved highly profitable.

"The right bloke with the right idea can turn round any backstreet pub," says one pub chain creator. Messrs Martin and Dickson

took a different approach: they built their chains by buying distressed high street and town centre premises such as banks, post offices and building societies. They overturned the conventional brewers' wisdom that it was very difficult to get licences for new places.

There is plenty of scope for further growth, with more than 5,000 pubs that could come on the market. Some are ex-brewery pubs owned by institutions such as Nomura, the Japanese investment bank. Pubmaster, part of the Brent Walker empire, has 1,700 pubs which could be sold to reduce the group's debt. And Bass, the brewer that owns 4,300 pubs, may have to sell many avoid a reference to the Monopolies and Mergers Commission if it goes ahead with its long-rumoured takeover of fellow brewer Carlsberg-Tetley.

For Mr Martin of Wetherspoon, there are three challenges. The first is to find prime sites for new pubs. The second is to manage and motivate a large workforce in a business where customer service is vital - "1,000 little com-

ponents make a Wetherspoon pub like the 1,000 that go into a BMW". Finally, he wants to further improve Wetherspoon standards of value and service where British super-markets were 35 years ago. "We've everything to play for."

Ten years ago, muzzak and frozen food were two essential ingredients in Cannon pubs, recalls Philip Snook, a Cannon associate for 11 years and managing director of the Magic Pub Company. Now it is hi-fi sound systems and fresh pasta.

"I say to our people, 'Go see what Marks and Spencer are selling because that's what we'll be selling in a year's time,'" says Mr Snook. With the sale of the Magic Pub Company, Mr Cannon's competitors are speculating whether he will re-enter the market. His first retirement after the sale of Devenish lasted a year. He cancelled a world cruise and set up Project Sinatra to buy the pubs that formed the Magic Pub Company.

But if he resists the temptation and retires to his west country shooting estate, the landlord of his local pub had better watch out. Mr Cannon will never be short of a few ideas for doing it up.

CURRENCIES AND MONEY

MARKETS REPORT

Lira watch

By Philip Gawith

EMS currencies were the focus of attention yesterday with the European Union summit in Florence offering an excuse for renewed speculation that countries like Italy were on the point of rejoining the European exchange rate mechanism.

The lira finished slightly firmer as a result, and other European currencies like the French franc, peseta and Swedish krona also closed higher. The lira finished in London at L1.006 against the D-Mark, from L1.007.

Elsewhere, the dollar closed firmly after official comments in Germany and Japan reassured markets that interest rate developments in those countries should continue to favour the dollar.

It closed at Y108.99 and DM1.5289 from Y108.240 and DM1.5244.

The firmer dollar helped sterling with the trade weighted

index finishing at 85.9 from 85.7. It closed at DM2.3551 and \$1.5403 from DM2.35 and \$1.54.

Despite the rumouring, there was not much expectation of Italy seeking re-entry to the ERM this weekend (Sweden and Finland are the other possible candidates for ERM entry). There is no dispute in principle about the application, but two reasons were cited why this weekend was inappropriate.

Mr. Gianni De Michelis, Italian finance minister, said the 1997 budget would be critical in assessing the "long term sustainability of any exchange rate agreement."

Mr. Rovelli said the lira would probably re-enter at a central parity of L1,000 - L1,050 against the D-Mark, with the lower figure being the one favoured by ERM members would prefer, with the higher one being

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Sterling

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AMERICA

Nasdaq composite regains its footing

Wall Street

US shares were mostly higher in midweek trading as bonds posted modest gains and the Nasdaq composite regained its footing after seven sessions of weakness, writes Lisa Branstetter in New York.

In early afternoon trading the Nasdaq, which is about 40 per cent technology shares, was up 4.60 at 1,171.94, although technology shares were mixed. The Pacific Stock Exchange technology index was off 0.3 per cent, while the American Stock Exchange index of Internet-related companies was 0.5 per cent higher.

In individual shares, Oracle, the database software company, advanced 3.24 or 6 per cent to \$37 after reporting

fourth quarter earnings late on Thursday that beat analysts' estimates. Meanwhile, Advanced Micro Devices, the microprocessor company, and Diamond Multimedia, which makes computer peripherals, were both lower after issuing warnings that their forthcoming quarterly results would be below expectations. In early trading, AMD slid 11 1/4 or 11 per cent to \$14 and Diamond was off 9 1/4 at \$9.

NYSE trading was heavy and volatile due to the expiry of options and futures on shares and share indices known as "triple witching".

At 1 pm, the Dow Jones Industrial Average was 20.32 stronger at 5,678.75 and the Standard & Poor's 500 rose 2.12 at 864.22, while the American Stock Exchange composite

gave up 0.64 at 584.60. NYSE volume was 345m shares.

Shares derived some support from gains on the currency and Treasury bond markets. In early trading the long bond had advanced 1/4 point, sending the yield down to 7.083 per cent. The dollar was nearly a full yen stronger against the Japanese yen.

Rising shares on the Dow included Boeing, up 1 1/4 at \$88 1/4, Caterpillar, 1 1/4 stronger at \$69 1/4, General Electric, adding 1 1/4 at \$86 1/4, United Technology 1 1/4 higher at \$13 1/4 and Disney which rose 1 1/4 at \$27.

Harcourt's Entertainment, the hotel gaming company, fell 3 1/4 or 10 per cent to \$24 after announcing that it would not meet analysts' earnings expectations for the second quarter

of the current year.

Latin America

Sao Paulo added to the gains it recorded earlier in the week amid indications that a nationwide general strike, called by the country's three leading unions to disrupt public transport, had failed. At midsession, the Bovespa index was up 1,031.47 or 1.8 per cent at 55,262.

Buenos Aires moved higher as the equity market mirrored modest gains in Argentine Brady debt and ADRs. The Merval index was 54.48 higher by midsession at 5,654.

MEXICO CITY fell in morning trade, breaking through support levels as investors held off buying, pending clearer sig-

nals for the Mexican peso and US interest rates. The IPC index was down 42.150 or 1.3 per cent by midsession at 3,138.34, having broken through support at 3,165.

Canada

Toronto was mixed at midsession, pressured by falling gold stocks but supported by stronger bond markets. The TSE-300 composite index was down 8.68 by noon at 5,049.30. Heavy volume of 55.9m shares was attributed to triple witching operations as options, futures and options on futures expired. Among heavily traded shares, Rio Alito Exploration fell 15 cents to \$7.30.

Forestry products featured a 20 cent rise to C\$18.50 in St. Laurent Paperboard.

Foreigners undertake Russian re-evaluation

John Thornhill on hopes and fears for the future

When western fund managers arrive in Moscow these days, they seem just as keen as Russians to indulge their passion for conspiracy theories.

Will President Boris Yeltsin rig the decisive second round of presidential elections on July 3? Did the president's men secretly sponsor Mr Alexander Lebed, the former general who came third in the first round of voting, to split the communist vote? Will Mr Yeltsin's decision to sack three hardline supporters this week a strategic shift or a tactical retreat?

For the moment, such is the stuff of investment talk in Moscow. And the tentative answers to such questions, however implausible or imperfect, are what is driving Russia's capital markets.

Over the past few months, these investors' inking has generally been favourable. Mr Yeltsin's popularity has been steadily climbing in the polls; the country's macro-economic stabilisation programme has remained broadly on track; and the introduction of Mr Lebed would help cement the coalition, endemic at so many levels, of Russian government.

As a result, the Moscow Times index of the 50 most liquid Russian stocks has more than doubled since March.

Yet, so far, the Russian equity market has existed at the ragged edge of the global investment universe, only attracting speculative hedge fund managers and high-rolling private investors.

Longer term, an increasing number of western fund managers seem convinced that Russian equities could offer highly attractive returns.

Following a recent trip to Moscow, Mr Barton Biggs, Morgan Stanley's chief strategist, wrote that Russia was "either the investment opportunity or the black hole of a lifetime".

If Mr Yeltsin is re-elected, stockbrokers predict that a further wave of longer-term foreign portfolio investment will flow into Russia, which could easily quadruple the size of the equity market to \$100bn by the end of the decade.

The liquidity of the market

is already beginning to improve as several Russian companies issue American Depositary Receipts in New York. That has made it easier - and safer - for some mainstream investors in the US to gain exposure to Russian shares.

Russia's inclusion in the IPC's index of emerging markets will also add to its respectability.

But although few would dispute the long-term bull argument for Russia there are some immediate concerns about its creaky infrastructure, driving an increasing share of the market off-shore.

Russia's Federal Securities Commission is working hard to improve the regulation of the market. It is also creating the legal and fiscal framework necessary to encourage the formation of domestic investment funds needed to channel retail savings into the economy.

Mr Timothy Frost, director of the Pioneer First Voucher investment group, which is planning to launch a Russian domestic investment fund, says: "Theoretically, these funds could have a monumental impact on the development of the domestic market and, from a policy point of view, would help bring the equity markets back on shore in Russia." But, like most observers, Mr Frost doubts whether these funds will play much of a role before 1997.

Mr Peter Halloran, at the Moscow office of CS First Boston, says: "Foreign investors are much more positive about Yeltsin's chances than those within Russia."

A victory by Mr Gennady Zyuganov, the Communist Party candidate, would almost certainly spark a mass sell-off of Russian shares as investors wanted to see what would happen next.

The Communist Party economic programme - described by a former prime minister as the "longest and least funny

economic joke ever written" - is an angry mixture of protectionist and populist measures certain to scare off investors.

But even if Mr Yeltsin were re-elected, there would be plenty of issues to keep the initial euphoria under check. The economy may finally have stopped declining but a radical shake-out in Russia's banking system seems only a question of time. Moreover, although it has come a long way in a short time, Russia's stock market still boasts an exceedingly creaky infrastructure, driving an increasing share of the market off-shore.

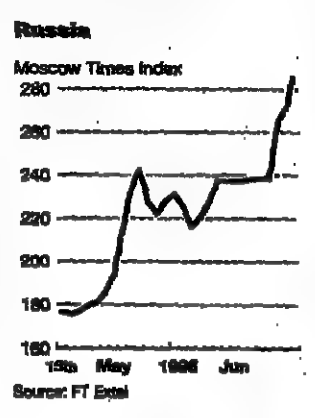
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EUROPE

Frankfurt reviews Dax 30 contenders

The dollar, the Dow and bond markets gave most bourses a lift. FRANKFURT'S Dax index closed 15.56 higher at 2,547.78, as German stock market turnover, swelled by the "triple witching" expiry of futures and options contracts, shot up from DM9.4bn to DM35.9bn.

Three Dax 30 contenders, Ghe, Merck and Adidas, figured among the top 10 this performance. Merck, which said on Thursday that it hoped to join the Dax within two to three years, put on DM1.70, or 3 per cent, at DM58.90.

However, Goldman Sachs maintained its underweight recommendation on the drug and chemicals group. Mr John Murphy said it had achieved market leadership in strategically difficult areas, and that the shares looked expensive on a 1998 pie ratio of 18.5 against 13.2 for Astra, and 14.9 for Roche.

ZURICH continued to focus on pharmaceuticals while the expiry of index futures and options on Soffex also provided support. The SMI index rose 31.9 to 3,687.3.

Further foreign demand for the Novartis partners took Ciba SF20 higher to SF7,021 and Sandoz SF24 higher to SF1,424. Roche, under pres-

sure earlier in the week on switching within the sector, rebounded SF90 to SF9,500, helped by news of an important step towards European approval for Invirase, the first of a new class of treatments for HIV patients.

MILAN was on hold, as speculation grew that the Bank of Italy would ease its 9 per cent discount rate after the close.

One analyst noted that June inflation data from 10 cities, released during the week, indicated that the rate had fallen to 3.5 or 3.9 per cent, below the 4 per cent which the bank had hinted would trigger a move.

THE WEEK'S CHANGES

	% Change
Zurich	+2.6
Turkey	+2.0
Milan	+1.5
Frankfurt	+1.6
Athens	-1.8
Vienna	-2.4

He added that a reduction of 50-75 basis points was already priced into the market, but that a reduction of 100 basis points would provide equities with a lift.

The Conto index gave up 4.78 to 864.75. IMI, the investment bank rose 1.39, or 2.9 per cent, to 113.05 on a report that

FT-SE Actuaries Share Indices

Index	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
FT-SE 100	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
FT-SE 250	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030

Source: FT-SE Actuaries

news that a third, and final, 6.8 per cent of the company, held by the treasury, could be floated soon.

Banks recovered some of the losses they had suffered in the week, having paid the price on Thursday of new changes in the mid-budget to the tax treatment of interest on deposits and certificates. Credit Italiano slipped just 1.7 to 1.148 and BCI was 1.34 easier at 1.174.

PARIS saw a technical rebound, and the CAC-40 index recovered 7.10 to 2,084.18. Morgan Stanley stayed bullish on banks and BNP, for one, took notice with the shares up Ffr3.80 at Ffr180.

Outside financials, Moulinex soared another Ffr9.50 to Ffr107 for a gain of 82 per cent since the electrical appliance maker unveiled a restructuring plan this week.

AMSTERDAM was mixed, with a hangover in tech stocks

after weakness in the sector in the US overnight. The AEX index eased 0.78 to 564.11.

However, Philips fell 1.70 to Ff15.60 on fears that a halt in semiconductor production by the electronics major. Philips indicated an industry slump had started spreading from computer memory chips into chips for consumer products. Elsewhere in the sector, BE Semiconductors lost Ff1.1 at Ff25.50, Rod Techhouse Ff1.50 at Ff15.50 and Beas, the software house, Ff2.30 at Ff15.20.

VIENNA blamed a weak futures expiry and concerns ahead of the partial start-up of the Vienna bourse's electronic quote-driven order system as the ATX index fell 14.75 to 1,098.61.

ATHENS, with the socialist party under new management, was worried about the prospect of early elections. Construction shares came under pressure as

foreign funds lightened exposure to the sector, and the sector dropped 3 per cent as the general index fell 9.97 to 599.65.

ISTANBUL pulled by 1.7 per cent although political uncertainty, continued to haunt the market. Four MPs from the Turkish conservative leader, Mrs Tansu Ciller's True Path Party defected to the rival Motherland Party of the caretaker prime minister, Mr Mesut Yilmaz, in protest at her bid to form a coalition with Islamists. The composite index put on 1.60, or 0.3 per cent, to 11,160.32 as turnover fell from TL1,080bn to TL7,010bn.

Stockholm and Helsinki were closed for Midsummer's Eve.

Written and edited by William Cochrane and Michael Morgan

SOUTH AFRICA

Johannesburg's gold stocks dropped in late trade to close at the day's weakest levels as

million added expectations of a comeback and slipped below \$50 an ounce. Industrials posted up on a strong buying session. The overall index ended 16.3 up at 8,655.3, industrials rose 10.7 to 8,116.2 and golds fell 14.7 to 1,798.1.

ASIA PACIFIC

Nikkei hits another four-year closing high

Tokyo

Active buying of international blue chips took the Nikkei average to a four-year closing high, writes Emiko Terazono in Tokyo.

The 225 index rose 93.35 to 22,530.65, trading between 22,404.24 and 22,698.98. Volume totalled 518m shares against 492m. Domestic institutions and foreign investors placed buying orders at the start of the session and chased blue chips and large capital stocks; afternoon profit-taking and position adjustment eroded some of the earlier gains.

The Tokyo index of all first section stocks rose 9.07 to 1,709.80 and the Nikkei 300 by 1.64 to 3,174.5. Gainers led losers by 623 to 424 with 180 unchanged.

In London, the ISE/Nikkei 50 index rose 0.70 to 1,512.62. Carnmakers were strong on hopes of higher earnings. Toyota Motor rose Y70 to Y2,700 and Honda Motor by Y30 to Y2,580. Large capital stocks and shipbuilders were bought. Nippon Steel gained Y8 to Y974, NKK rose Y6 to Y339 and Mitsubishi Heavy

Industries rose Y7 to Y941.

Japan Tobacco fell Y18,000 to Y855,000 on selling by individual investors. Investors took profits following this week's government offer of some 270,000 shares. The announcement by Mr Rupert Murdoch's News Corp and Softbank, a Japanese computer software wholesaler, that they would become the joint largest shareholder for TV Asahi, a national television network, triggered buying in other television companies. Tokyo Broadcasting System rose Y60 to Y1,880 and Nippon Television added Y60 to Y22,500.

In Osaka, the OSE average rose 100.83 to 23,226.91 in volume of 43.7m shares.

Roundup

Thursday's political turmoil in JAKARTA left the JKSE composite index 7.82, or 1.35 per cent, down at 572.85 after a low of 569.54.

Foreign investors stayed on the sidelines but their domestic counterparts sold selected, heavily capitalised stocks following Thursday's protest, and its violent aftermath. Telkom fell Rp50 to Rp3,300 in 3.5m

THE WEEK'S CHANGES

	% Change
Kuala Lumpur	+1.9
Tokyo	+1.1
Taipei	+0.7
Seoul	+0.2
Bangkok	-1.8
Bombay	-3.1
Jakarta	-3.3

shares, and Sampoerna by 3.5 per cent to Rp25,175 in 444,500. BOMBAY hit late, local selling pressure and the BSE 30 share index fell 70.35 to 3,294.96 in end-account trade.

State Bank of India fell Rp to Rp258 after it reported slower than expected growth in profits. Siemens, the Indian subsidiary of the German market leader, dropped Rp76.50, or 12 per cent, to Rp605.50 after it cut its interim dividend from Rs5.5 to Rs4.5 a share.

BANGKOK fell on persistent worries about second quarter earnings and high interest rates, the SET index losing 6.08 at 1,235.57 in thin turnover of 32.65m. One analyst said, foreign investors had been holding back for some time, and that the market was unlikely to pick up until after

the release of second quarter results in late July.

TAIPEI consolidated after its recent rally, the weighted index ending 24.41 lower at 6,555.55. In turnover of 284.0m, Financials and blue chip stocks fell after their gains on Morgan Stanley's inclusion of Taiwanese stocks in its emerging markets index.

But construction shares drew active buying on hopes that the government may soon ease a ban on foreigners investing in property in Taiwan. Hong Chung gained 90 cents or 5.45 per cent to T\$17.4.

KUALA LUMPUR played second board stocks, their index climbing 6 per cent at the JKSE composite rose a mere 4.05 points to 1,146.95. Volume swelled to 290m shares from 193m, and gamers swamped losers by 578 to 66.

SEOUL saw some daylight after the strikes which hit the automotive industry. The composite index rose 2.55 to 864.27.

A number of carmakers came to accords on pay but the deal reached by Asia Motor, South Korea's leading commercial vehicle maker, came too late to help the shares which fell Won 300 to Won7,050.

LONDON EQUITIES

LIFE EQUITY OPTIONS

Index	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
FTSE 100	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
FTSE 250	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030

RISKS AND FALLS

Index	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
British Funds	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Other Fixed Interest	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030

TRADITIONAL OPTIONS

TRADITIONAL OPTIONS			
First Dealings	June 10	Expiry	Sept 8
Last Dealings	June 21	Settlements	Sept 12
<hr/>			
Call: BTR '85/86 Wis, Cortaca, Pubs: Neaguen Power.			

LONDON STOCK EXCHANGE

MARKET REPORT

Stocks weaken for fourth consecutive session

By Steve Thompson,
UK Stock Market Editor

More evidence of a slowing UK economy, via the latest Confederation of British Industry survey, gave a lift to gilts but failed to trigger any significant action in equities yesterday.

The promised fireworks in the market with the "triple witching" expiry of FT-SE 100 and FT-SE Mid 250 futures and FT-SE 100 index options, fizzled out quickly.

The FT-SE 100 index ended a stock market week which was badly affected by a series of sporting events, in subdued fashion and down 5.2 on the day at 3,723.3.

The FT-SE Mid 250 index was also depressed, closing the session 9.12 off at 4,440.7. Over the week the 100 index fell 81.3 points, while the Mid 250 retreated 23.9.

Gilts were always in good demand, taking heart from the CBI survey which pointed to subdued output and insignificant price pressure. The survey led dealers to adopt the view that a further reduction in UK interest rates may well be on the cards in the next couple of months, if the economy continues to show evidence of weakness.

The 10-year gilt ended the session 17 ticks above and the 20-year gilt was around 25 ticks up on the day.

"On the evidence to date it seems

that the chancellor of the exchequer was right to cut rates a couple of weeks ago," said one marketmaker.

Discussing the equity market, the head trader at one of the big European securities houses said he expected the general lack of institutional activity to carry on in the short term. "We've got the football and the test match, we've had Royal Ascot and for the next two weeks we've got Wimbledon. After that it's the Open golf."

He said the market was in need of a resurgence of bid activity to see it break out of its recent trading range of 3,650 to 3,850 on the FT-SE 100. "We may need to take another look at the bottom of the range before

we can make serious headway."

Other dealers took the view that the utilities areas of the market would provide the impetus needed to provoke a big upturn in equities. This week's knockout blow by Scottish Power in its bid to win control of Southern Water has alerted the market to the potential for more bids in the water and electricity stocks. Southern Electric remains a market favourite to attract a US predator.

The market has had to absorb a series of liquidity draining events this week, with two big placements and a steady flow of issues absorbing institutional funds.

The week's three big rights

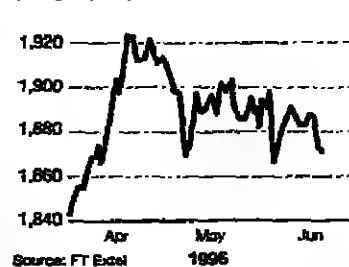
issues, Scottish Power, Cowie and Greene King, will soak up £850m in new money.

Wall Street's overnight gain failed to promote any enthusiasm for UK stocks at the opening, and again later in the session, when US markets opened in good shape, with the Dow Jones Industrial Average posting a gain of around 20 points during London trading.

Schroders was the best FT-SE 100 performer as the market focused on a B2W upgrade and a big agency cross above the market price just before the close on Thursday.

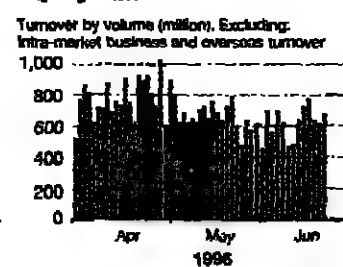
Turnover reached 779.9m shares, while customer activity on Thursday was worth £1.77bn.

FT-SE-A All-Share Index



Source: FT Index

Equity shares traded



Turnover by volume (millions). Excluding intra-market business and overseas turnover

Indices and ratios

FT-SE Mid 250	4440.7	-8.1
FT-SE-A 350	1883.6	-3.0
FT-SE-A All-Share	1870.80	-2.87
FT-SE-A All-Share yield	3.86	3.85
FT Ordinary Index	2743.0	-6.4
FT-SE Non-Fin p/e	16.81	16.82
FT-SE 100 Fut Jun	3735.5	+12.5
10 yr Gilt yield	8.02	8.14
Long gilts/equity yield ratio	2.17	2.18

FT-SE 100 Index

Closing index for Jun 21	3722.3
Change over week	-31.3
Jun 20	3753.6
Jun 19	3753.2
Jun 18	3756.4
Jun 17	3761.5
High	3767.7
Low	3722.3
Intra-day high and low for week	

TRADING VOLUME IN MAJOR STOCKS

Stock	Vol	Change	Day's change
ASDA Group	9,800	1175	-1
ASDA Retail	1,000	541	-1
ASDA Retail	1,000	541	-1
ASDA Retail	1,000	541	-1
ASDA Retail	1,000	541	-1
ASDA Retail	1,000	541	-1
ASDA Retail	1,000	541	-1
ASDA Retail	1,000	541	-1
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EQUITY FUTURES AND OPTIONS TRADING

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ASDA Group	9,800	1175	-1
ASDA Retail	1,000	541	-1
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ASDA Retail	1,000	541	-1
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ASDA Retail	1,000	541	-1
ASDA Retail	1,000	541	-1

Cellular stocks active

Cellular stocks were a clear feature yesterday. Securicor fell sharply, and a dramatic tug of sentiment pushed volume in Orange to its highest level since the March flotation.

There was said to be jostling for position at Orange ahead of its entry into the FT-SE 100 index on Monday. A two-way pull broke out as some brokers predicted a slack time for the shares once Footis status is achieved.

"Certain funds acquired the stock purely for the Footis run-up. These have been taking profits, and there has also been switching into Vodafone," said one trader.

Orange, floated at 205p, ended on 2 at 243p in turnover of 25m. Vodafone closed all-square at 336p.

Securicor was hit by investor caution ahead of next week's results statement. The shares fell 9 to 289p as a number of analysts turned increasingly negative on Cellnet, the mobile phones system owned by Securicor and BT.

Several leading brokers are known to be unhappy with Cellnet's churn rate - the level of subscriber withdrawals - relative to rivals such as Vodafone.

NEW 52 WEEK HIGHS AND LOWS

Stock	High	Low
ASDA Group	9,800	1175
ASDA Retail	1,000	541
ASDA Retail	1,000	541
ASDA Retail	1,000	541
ASDA Retail	1,000	541
ASDA Retail	1,000	541
ASDA Retail	1,000	541
ASDA Retail	1,000	541
ASDA Retail	1,000	541
ASDA Retail	1,000	541

YESTERDAY'S CHANGES

Stock	Change
ASDA Group	9,800
ASDA Retail	1,000
ASDA Retail	1,000
ASDA Retail	1,000
ASDA Retail	1,000
ASDA Retail	1,000
ASDA Retail	1,000
ASDA Retail	1,000
ASDA Retail	1,000
ASDA Retail	1,000

FT-SE Actives Share Indices

Index	Value	Change
FT-SE 100	3722.3	-31.3
FT-SE Mid 250	4440.7	-9.12
FT-SE 350	1883.6	-3.0
FT-SE 100 Fut Jun	3735.5	+12.5
FT-SE 100 Fut Jul	3735.5	+12.5
FT-SE 100 Fut Aug	3735.5	+12.5
FT-SE 100 Fut Sep	3735.5	+12.5
FT-SE 100 Fut Oct	3735.5	+12.5
FT-SE 100 Fut Nov	3735.5	+12.5
FT-SE 100 Fut Dec	3735.5	+12.5

The UK Series

Series	Value	Change
UK GDP	1,000	0
UK Retail Sales	1,000	0
UK Industrial Production	1,000	0
UK Manufacturing Production	1,000	0
UK Construction Production	1,000	0
UK Services Production	1,000	0
UK Wholesale Trade	1,000	0
UK Retail Trade	1,000	0
UK Food & Drink	1,000	0
UK Clothing & Footwear	1,000	0

FT-SE Actives All-Share

Index	Value	Change
FT-SE 100	3722.3	-31.3
FT-SE Mid 250	4440.7	-9.12
FT-SE 350	1883.6	-3.0
FT-SE 100 Fut Jun	3735.5	+12.5
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The UK Series

Series	Value	Change
UK GDP	1,000	0
UK Retail Sales	1,000	0
UK Industrial Production	1,000	0
UK Manufacturing Production	1,000	0
UK Construction Production	1,000	0
UK Services Production	1,000	0
UK Wholesale Trade	1,000	0
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Hourly movements

1030	26.90	26.09	21.37
1100	26.80	26.09	21.37
1130	26.90	30.08	21.37
1200	20.52	28.85	28.13
1230	20.62	28.86	28.13
1300	20.52	18.22	19.50
1330	18.55	13.82	15.06
1400	18.48	13.82	15.06
1430	18.48	13.82	15.06
1500	16.28	8.93	8.93
1530	16.28	8.93	8.93
1600	15.97	8.92	8.92
1630	15.97	8.92	8.92
1700	15.58	6.95	6.95
1730	16.46	13.82	15.06
1800	16.46	13.82	15.06
1830	16.25	13.82	15.06

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FINANCIAL TIMES

Weekend June 22/June 23 1996

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BA and American Airlines would control 60% of UK-US flights Air deal may face merger probe

By Michael Skapinker,
Aerospace Correspondent

The alliance between American Airlines and British Airways suffered a potential setback yesterday when Mr John Bridgeman, director-general of the UK's Office of Fair Trading, said the tie-up amounted to a merger which might have to be investigated by the Monopolies and Mergers Commission.

Both airlines said they were happy for their proposed alliance to be investigated and would co-operate fully. However, when their deal was announced earlier this month, senior executives indicated they did not expect the OFT to intervene.

The BA-American tie-up would create the most powerful interna-

tional aviation alliance, giving the two carriers a strong hold over traffic between the UK and the US, the world's busiest long-haul route. They would control 60 per cent of UK-US flights and 70 per cent of traffic between London and New York.

The alliance will be investigated by the US Department of Justice, which will advise the Department of Transportation on whether to approve it. Although the European Commission is examining the deal, the OFT said it did not think the alliance fell within European Union merger regulations.

Yesterday's "merger" announcement from the OFT followed a letter from Mr Ian Lang, trade and industry secretary, to Mr Bridgeman asking whether there

was a case for investigating the alliance. Mr Bridgeman said he was discussing the alliance with BA before deciding whether to recommend to Mr Lang that it be referred to the MMC.

The OFT described the finding that the alliance amounted to a merger as "unusual" because the two companies were not planning to exchange any equity. However, it said that under the Fair Trading Act a merger could be found to have taken place if the two companies' organisations became indistinct.

American and BA have said they plan to place both companies' flight codes on flights across the Atlantic, regardless of which carrier was operating them. They said they would also change their schedules so that

connecting passengers would find it easier to transfer from one airline's flights to the other's.

The two airlines have set up 12 task forces to examine ways of combining a range of operations, including frequent flyer programmes and computer systems.

The airlines are expected to argue, however, that they will remain distinct companies, with their own identities. They will also say the deal is in consumers' interests as it will provide greater convenience.

The alliance is expected to be accompanied by an "open skies" agreement between the UK and the US and the airlines will say that this will result in an increase in competition.

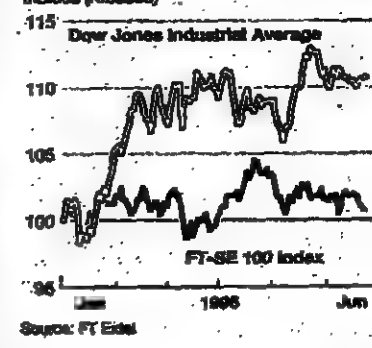
See Lex

THE LEX COLUMN

Ill winds

FT-SE Eurotrack 200:
(1717.5 (-4.3))

UK and US markets



ual disappointment on the size of the public sector borrowing requirement.

This, coupled with the latest, possibly rash, cut in UK interest rates, has undermined confidence in the government's management of the economy ahead of the general election. All things considered, it is surprising that rising bond yields have not dragged down UK stock prices with them.

The market's resilience is partly the result of the high level of mergers and acquisitions activity. But the flow of money back into the market as a result of takeovers, special dividends and share buy-backs is increasingly being soaked up by rights issues, public listings and privatisations. Furthermore, earnings growth this year has been underwhelming. The City's 10 per cent target, and there has been a spate of broker's downgrades and profits warnings.

Given all this, the market is certainly not cheap, at 14 times 1996 earnings, and with equity yields on a par with real yields in the index-linked gilts market. Stretched valuations are easy to overlook in good times but not in bad: when the US market starts to turn, the downward pressure will become irresistible.

UK stock market

The UK stock market has lost some of its glitter. After rising by 20 per cent last year, the FT-SE 100 index has managed to inch up a mere 1 per cent so far this year. And although other stock markets are also in the doldrums, the UK has underperformed. The most obvious reason for the stock market's failure to dazzle is bond market weakness. US Treasury yields have been rising, and a US interest rate rise appears to be just around the corner. On top of negative international influences, the gilts market has its own domestic problems to contend with - most notably contin-

UK house prices

The blaze of publicity about a house price boom is likely to prove self-defeating. That is not to say that the economic fundamentals do not point in that direction. The key indicators are certainly positive: low interest rates mean affordability is greater than for the past 20 years and new mortgage lending is at its highest level for four years. Several building societies and banks are now predicting house price rises of 5 per cent this year - and this time they may finally

be on target. Of course, one could argue that real house price inflation of around 2 per cent hardly constitutes a boom. By the excessive standards of the 1980s, this is certainly true. Nobody thinks that the sort of price rises seen in those heady days will recur - partly because negative equity has created pent-up supply which is likely to cap any price rises.

Still, there are signs that a virtuous circle is being created. The simple truth is that if people believe the value of their houses will rise they are far more likely to be minded to buy - and this will push up prices.

Of course, a rise in interest rates could still send a blast of cold air to cool the revival. But with mortgage rates at extremely low levels there is some room for manoeuvre, as long as people do not fear a return to the double digit rates of 1990.

Blue Circle

It is a brave company that decides to pour lots more capital into a mature market where it is already earning apparently high returns. In fact, Blue Circle's decision to invest £300m in its UK cement business looks far-sighted.

For a start, the group has recognised that, given the lack of growth in the UK market - demand for cement is rising at less than 1 per cent a year - the only way to make progress is to reduce costs. Blue Circle has already cut its domestic capacity by 16 per cent and its workforce by 20 per cent since 1992. Now it is switching the emphasis to its asset base: the new plant will have significantly lower operating costs.

Nor has the management allowed itself to be blinded by the improving performance of the UK cement business, which produced a fat-looking 24 per cent return on capital in 1995. Measured on their replacement cost, Blue Circle's old UK plants managed a return on capital of only 5 per cent last year. That is far behind the 12 per cent at the group's US operations and the 22 per cent in China. The fact that Blue Circle has said it expects savings of at least £90m from this investment programme - equating to a return of 16 per cent - shows that the UK need not lag behind other markets. "These improvements should come at very little risk. Market shares in the UK cement business have been stable for years, the technology is proven, and both Blue Circle and Rugby, its main rival, are retiring old capacity as they bring on their new plants. That suggests that, for once, all the benefits of a lower cost base should flow through to shareholders."

California rules against 'three strikes'

Continued from Page 1

prison cannot be opened for lack of operating funds.

Although only about 1,700 "three-strikes" have been sentenced so far - including one man who stole a slice of pizza and another who shoplifted two pairs of jeans - prisons have been swamped by a supplementary ruling obliging judges to double customary sentences for second offences. An estimated 18,000 "second-strikes" are behind bars.

The ruling stems from the case of Mr Jesus Romero, of San Diego, whose five previous convictions included two for burglaries. Over the prosecutor's objections, superior court Judge William Mudd sentenced Mr Romero to six years in prison, ruling that 25 years in life would be a cruel and unusual punishment for his offence - possession of cocaine.

The state's Supreme Court upheld the judge's authority to determine the sentence. The ruling does not affect the 19 other US states that have some version of the "three-strikes" law.

US Names may be excluded from Lloyd's recovery plan

By Ralph Atkins in London

Lloyd's of London warned yesterday it may have to exclude US Names from its recovery plan, which includes a £3.1bn (£4.7bn) out-of-court settlement offer.

Its move highlighted the head-scratcher posed by US legal actions against the insurance market.

The warning came as Lloyd's sent its 94,000 Names worldwide details of how substantial improvements in the recovery plan would affect them individually. A deadline of August 31 has been set for acceptances.

Figures released by Lloyd's revealed that after funds held on deposit at Lloyd's are taken into account and the £3.1bn offer distributed, just £359m in new money is required from Names. Lloyd's has reported losses of more than £50n in recent years.

Some 25,000 Names - individuals whose assets have traditionally supported Lloyd's - could settle without having to pay any new money.

Despite broad support in the UK, however, Lloyd's has run into serious difficulties with US securities regulators which are

A special report on the long struggle by Lloyd's to secure its future against a background of heavy losses by Names and threats of litigation will appear in the Financial Times on Monday.

pursuing legal action alleging investment in Lloyd's was mis-sold. Lloyd's could probably proceed without US Names - unless assets held in trust to support American business were frozen.

Mr Ron Sandler, the market's chief executive, said problems may arise with Equitas, a giant reinsurance company Lloyd's plans to take responsibility for billions of dollars of mainly US asbestos and pollution liabilities. Some in the US argue that Names' interest in Equitas is akin to investing in a security, requiring adherence to onerous local securities laws.

Mr Sandler said this "could have a very serious impact on our ability to include all US Names in the settlement offer... I cannot rule out the possibility that we may not make

the offer to US Names, either generally or in certain states".

If US Names were excluded, they would be treated as if they had rejected the plan - and chased through courts for funds they owed. But Mr Philip Feigin, the Colorado securities regulator who is co-ordinating negotiations with Lloyd's, is in London for talks next week. Lloyd's expressed optimism about a deal.

The improvements in the recovery plan follow a substantial fall in Names' Equitas premium from £1.9bn estimated last May to \$569m. The position of 90 per cent of Names has improved since individual estimates were sent to Names in March. About 9 per cent are better off by more than £100,000.

But despite the relatively small amount of money being sought from Names, Lloyd's still needs to win broad support because much of the £3.1bn fund is contingent on legal action for damages being dropped. Lloyd's AGM on July will include a series of votes on financing the offer but the contribution from agents running syndicates at the market has still to be finalised.

EU resolves crisis over beef exports ban

Continued from Page 1

consensus in Florence to put science first in dealing with the crisis.

The Italian-brokered summit text includes a Commission framework for a lifting of the worldwide ban in stages, subject to the approval of the Commission and two separate committees of scientific advisers.

Mr Malcolm Rifkind, British foreign secretary, said it was "excellent news" that politics had been taken out of the crisis. Other countries such as France, Germany, and Italy would have defended their national interests in the same robust fashion, he added.

However, Mr Jean-Luc Dehaene, Belgian prime minister, made clear that Britain's non-cooperation policy had set a serious precedent. He suggested the EU should take sanctions in future against any country which held EU business hostage.

The EU agreed yesterday to increase aid to Europe's farmers to £6n850m (£1.06bn) from £6n650m in recognition of the damage caused to the beef industry by the British government's admission in the House of Commons last March that there could be a link between BSE - mad cow disease - and its fatal human equivalent, Creutzfeldt-Jakob disease.

France and Germany - where

public outrage over the issue remains high - were reluctant to approve the Italian compromise. Their reservations were evident when they refused to accept the language on third country exports in the main summit declaration. Instead, it was left to the Italian presidency to issue a political "declaration", which has no legal force.

French farmers clashed with police yesterday in a day of country-wide protests to demand increased compensation for farmers facing falling sales.

Despite the passions raised by the row, EU leaders showed their determination to prevent the issue ruining the summit, which ends today.

Russian vote

Continued from Page 1

believed to be dangerous for the president because disciplined Communist supporters are thought to be more likely to vote than Mr Yeltsin's own fragile and fragmented support base.

Most political analysts are now predicting a Yeltsin victory in the second round. If he loses, the transition could be complicated by the president's decision yesterday to veto a parliamentary bill on the transfer of power.

The bill had outlined the procedure for transferring executive authority from one president to his successor and specified how control over nuclear weapons would be shifted.

FT WEATHER GUIDE

Europe today
A front stretching from southern France into Russia will separate hot conditions over south-eastern Europe from cooler air to the north-west. In the area near the front heavy rain and thunder are likely. Heavy rain of up to 10 inches will also fall in the Alps. Afternoon temperatures in south-eastern Europe will range from 26C in Austria to 38C in parts of Romania. Western Europe will remain cloudy with strong breezes from the north-west. The Benelux and northern France will have showers and some thunder. Spain and Greece will be sunny and warm, while Italy will have thunder.

Five-day forecast
Over the next few days heavy rain and thunder will move eastwards. Conditions in Germany, the Low Countries and France will improve as high pressure arrives from the west. Central parts of the Mediterranean will remain unsettled with thunder over Italy. Spain and Greece will be sunny. Scandinavia will stay cool but mostly dry with sunny periods.

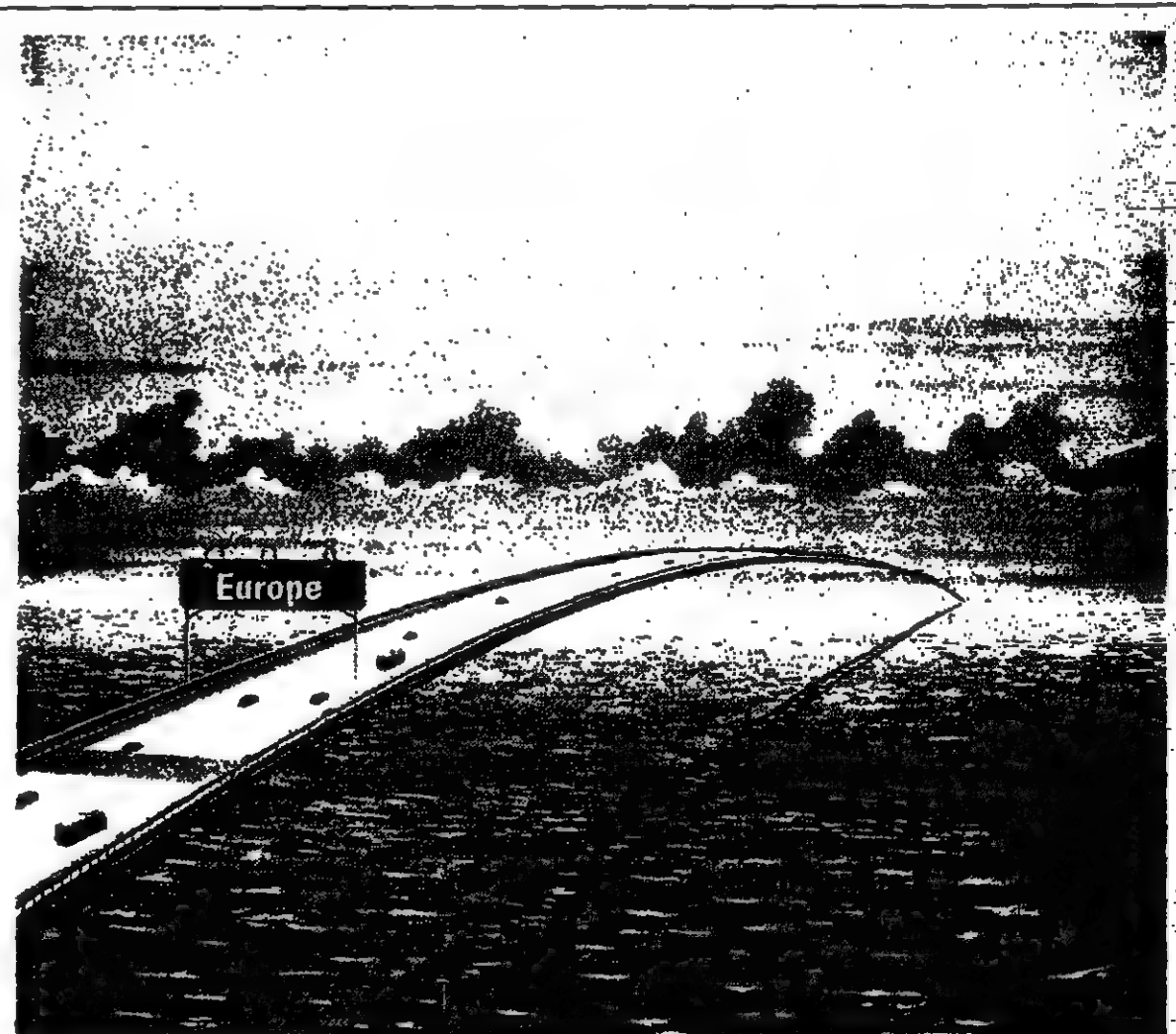
TODAY'S TEMPERATURES

Location	Temp	Location	Temp	Location	Temp
Madrid	30	Paris	20	London	18
Berlin	20	Rome	25	Athens	28
Amsterdam	18	Stockholm	15	Oslo	12
Helsinki	10	Reykjavik	10	Edinburgh	12
Glasgow	14	Cardiff	16	Belfast	17
Dublin	16	Lisbon	22	Cape Town	23

Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

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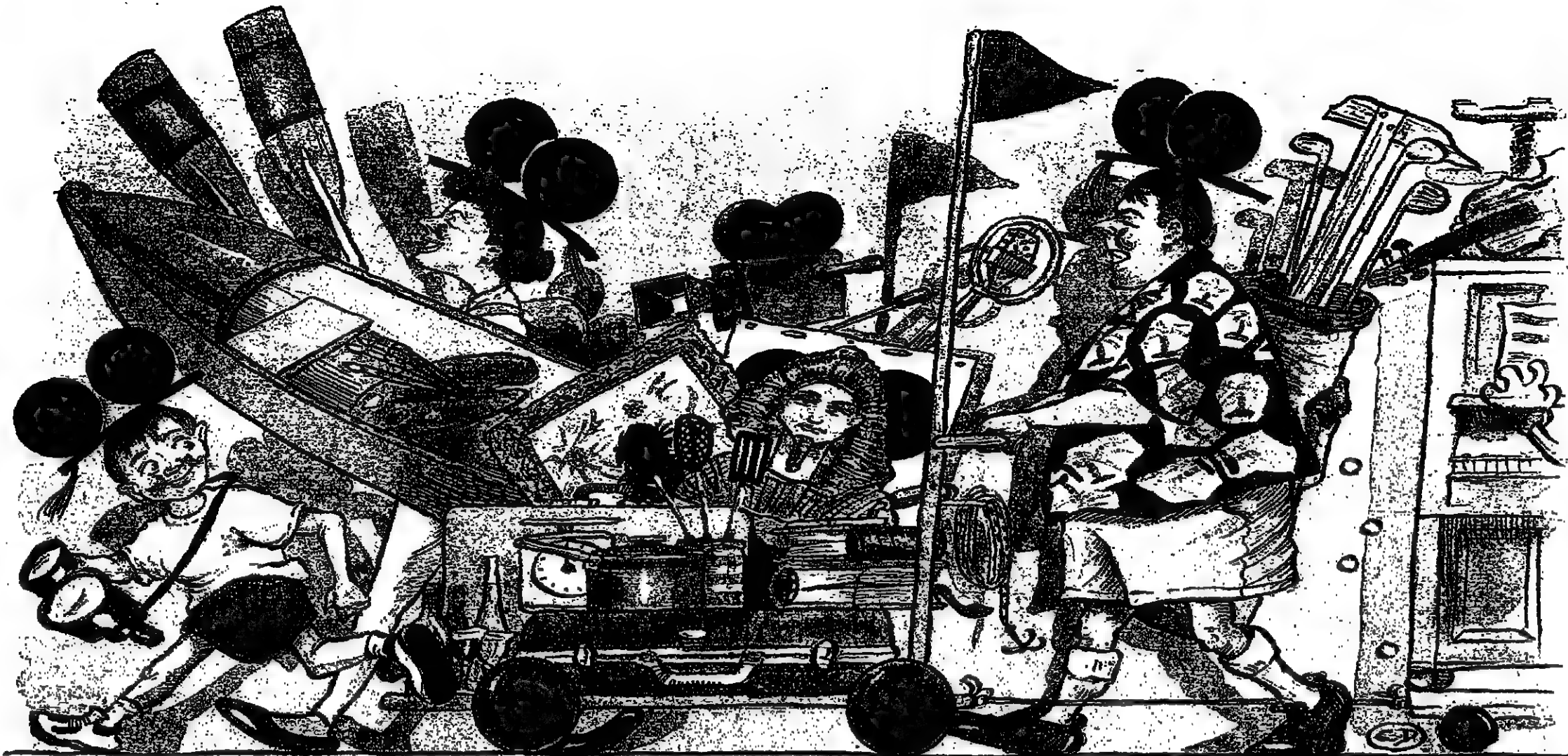
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Weekend FT



The birth of the leisure ethic

Entertainment specialist Disney is seeking to tap into the trend towards vocational free time, writes Paul Betts

The classroom was full. They formed a mixed bag: a 20-year-old hippy with a beaded beret and a Velasquez beard, four teenagers in T-shirts and brass beret shorts, a couple of "third agers" in flowery frocks, two small children and several middle-aged couples in golfing shirts and well-worn slacks. Outside, the Florida sun was shining. These students were on holiday, yet they paid absolutely no attention to the fine weather. They had come to Orlando, not to visit Mickey Mouse's Magic Kingdom, but to spend their vacation taking part in self-improvement courses at a holiday campus called the Disney Institute, which opened earlier this year.

These strangely dressed students are part of a worldwide trend in the leisure industry. It is one increasingly combining leisure with industry, taking the oxymoron out of a phrase loosely used to describe what is becoming one of the world's largest industries. "To be able to fill leisure intelligently is the last product of civilisation," the philosopher Bertrand Russell wrote in *The Conquest of Happiness*. Travel companies have followed his advice. In just a decade, they have launched an array of

packages and specially designed breaks to feed a growing demand for brain-stretching holidays. They include themed cruises with lectures, concerts, courses of all kinds, even developing golfing skills on the QRS; archaeology, architecture, art and painting holidays; activity holidays to improve sporting skills or physical challenges such as crossing deserts, crashing down rapids or climbing the world's highest peaks; retreats and meditation breaks; special cooking, wine-tasting, ballroom dancing holidays. You name it, it will probably be available. Ecotourism also continues to attract a growing number of devotees. Many are opting for biodiversity as an excuse to go somewhere exotic but others, says Andrew Mitchell, deputy director of the international science and education foundation, Earthwatch, want to travel in a more caring way to look at wild life and help the environment. Ecotourism was "super fashionable" in the 1980s when saving the environment suddenly became a big political issue. "It is still an issue which will never go away but it is no longer as much on the boil," he says. However, he explains that while people talked enthu-

siastically about saving the planet in the 1980s, they are now quietly starting to do something about it. In its broadest sense, ecotourism is part of the general trend towards vocational travel and a move away from leisure for leisure's sake. "More and more people are using their leisure time for learning," says Mitchell. No longer content with sun, sea and sand, they are now going on "intelligent" holidays. For Christopher Kirker, chairman of Britain's Association of Independent Tour Operators, the day of the Mediterranean beach holiday, which was all the rage in the 1960s, is in terminal decline. It is not simply the fear of skin cancer that has spawned this revolution in how people take their vacations. There are more profound forces at work. Labour market economists now say that because of automation unemployment will never go down, according to a new study on the psychology of leisure by Michael Argyle, emeritus reader in social psychology at Oxford University. This challenges what orthodox economists have called "the lump of labour", the fallacy that there is only so much work to be done in the economy.

It has been estimated that in the next century all our food and manufacturing needs could be met by an increasingly small minority of the population working - some suggest as little as 10 per cent. Argyle notes the irony of the situation: that it is in leisure industries that most of the work will be found. "There is no doubt that there will be less work to do in the future," he says. It follows that there is going to be much more leisure. Already, compared with the last century, we have more free time as a result of shorter working hours, longer holidays, early retirement and high rates of unemployment in industrialised societies. More leisure should create more personal wellbeing.

Often, however, it has the opposite effect. Social scientists have suggested that societies will need to develop a leisure ethic to replace, or at least complement, our existing work ethic. The concept is an old one. Social thinkers through the ages have thought that there is more to leisure than pure relaxation, pleasure or entertainment. Aristotle believed the main purpose of life was the proper use of leisure by self-development through education and contemplation, philosophy, music and sport. In his *Utopia*, Thomas More set aside several hours a day of leisure to be spent reading, playing games like chess, attending lectures, holding conversations and listening to music. The latest vogue for self-improvement and self-discovery holidays also seems part of the general reaction to the self-indulgent excesses of the 1980s. "People these days are looking for something more than self-gratification," says Mitchell. "These Earthwatch foundation volunteers paying to join its environmental and educational projects. A recent survey quoted in Argyle's book found that people considered the educational benefits of a holiday more

important than relaxation or fun. These changes in the attitudes and demands of holiday-makers could not leave the world's largest entertainment company indifferent. With its new Disney Institute in Orlando, the Walt Disney company has created what it calls a "discovery vacation resort" and given big bucks credibility to the trend. If successful, the company plans to spread the concept to other parts of its worldwide empire including, perhaps, at Disneyland in Paris or on its cruise ships. The ill-assorted students in the Disney Institute classroom were learning how to make an animated film using clay figures (like Britain's Wallace and Gromit) - one of more than 60 activities on offer. Arriving from all over the US, and a few from Europe, they had checked in the night before at the Welcome Centre, a large New England-style clapboard building. They were then driven in electric golf carts to their wooden bungalows or townhouses, scattered around 55 acres of well-kept gardens and lakes and an 18-hole championship golf course. There are swimming pools, a state-of-the-art performance centre housed in another New England-style building, a cin-

CONTENTS



Fashion: These essential summer blazers for all occasions IV

Perspectives: The gum professor and an experiment in pleasure III

Outdoors: Rover takes a gamble with its image IX

Property: Why the country estates market is hotting up VIII



Food and Drink: The joys of Greece - a two-page special X, XI

Interview: Goran Ivanisevic sets his sights on Wimbledon XVIII

Books: Naughty Lois Montez XIX, XX

Arts XIV, XV
Arts Guide XVII
Books XVIII
Business, Chess, Crossword XIX
Fashion IV
Food & Drink X, XI
Gardening IX
How To Spend It V
Motoring IX
Perspectives II
Property VII, VIII
Sport XVI
Travel VI
Weekend Lifestyle XIX, XX

Continued on Page 11

Joe Rogaly

Dodgy dealers and morality

Transparency and competition constitute an ideal state, which we have not yet reached

Pardon us while we smile. The "ethics committees" of the Securities Institute invited me in for a chat this week. A barely suppressed giggle was the proper response. Let me explain. Some of the windows at the FT face across the Thames towards my hosts' offices in London's financial district, the City. In a certain light the buildings across the water look like cliff tops, homes to vultures' nests. Their inhabitants fly constantly in and out, gobets of our cash in their beaks. About 10,000 of them, not all nesting in the City, belong to the Securities Institute, whose core membership was part of the London Stock Exchange before 1992, when stockbrokers were defenestrated. It currently describes itself as the professional body for individual practitioners in the financial services business. Its ethics committee, the one in whose presence I found myself sitting, has produced a code of good behaviour. Nothing startling about that, although sentence one of paragraph three made me sit up: "A member will avoid con-

lict between his self-interest and the interests of his clients and his employers." You need Woody Allen to deliver such implausible lines. Was it not he who famously defined a stockbroker as someone who takes your money and invests it until it is all gone? Let us be serious for a moment. Put securities traders on commission or bonuses, or the bank managers' remuneration to year-end results, and self-interest reigns. The purpose of trading in anything is to sell as many units as possible and make as good a turn on each deal as you can. This is true whether you are an estate agent, a second-hand car dealer, a paid commentator, a prostitute, or a purveyor of financial services - listed here in no particular order. But hark! Do we not hear a pious person objecting - "what about professional ethics, then?" Well what about them? They teach ethics at Harvard, and US brokers have been sent to ethics classes, but really there are only rules, boundaries, lines in the sand, steps too far, things you cannot get away with and, at the extreme,

"you'll be for the chop if they catch you doing that". The purpose of compliance officers, who are ladies and gentlemen implanted within companies to keep their activities legal, is to establish which new financial instrument comes under which of the above definitions. Better yet, they must ensure that every deal is, in the infinitely interpretable official phrase, an example of "best execution". One consequence of this inbuilt ambiguity is that in some firms the compliance department is expanding more rapidly than the marketing team. Perhaps the two should merge. Cynical? Possibly. Rare are a few drops of soothing oil. Venerable institutions traditionally regard a reputation for probity, or giving good value for money, as an asset worth nurturing. It adds a competitive edge. Marks and Spencer is such a general retailer; the Prudential, in its best days the M&S of the life insurance business, lost some of its sheen last year when its approach to selling personal pensions came under regulatory scrutiny. There is a moral to this story, part of the free-

market litany: competition will engender more virtue than any ethics committee. It is also true that practitioners vary. Some try to be fair and honest; others leave their consciences at home. This may not matter with intra-company deals. Each principal should be savvy enough to

believe that they can rely on the sense of ethics of this or that bank, broker, or investment manager, that competition alone will do the trick. Alas, no. Practitioners are hucksters. That is what they were in the supposed good old days when a City gentleman's word was his bond. It is what they are today, and will be tomorrow. The smoothest are "personal financial advisers". This appellation does not fit when the advice is tied. Used car dealers do not call themselves personal transport advisers. Estate agents do not affect to assess your optimum housing strategy. You might suspect that the path up which this account is leading you is towards more comprehensive regulation. In earlier days that might have been my instinct, but it is not the Conservatives' nor is it that of the Blairised people's party. Labour's spokesman on City matters talks of reducing the quantity of regulations where possible. In return, Alastair Darling suggested in a speech this week, "management must provide the right ethos and cul-

ture". It is also true that the world would be a better place if the sun shone all day, and light rain dribbled down on the garden in the late evening. While awaiting that happy outcome, here is a trick question. Who said "the best form of compliance will come through real competition where consumers can make informed choices"? Hint: it was not a Conservative. It was Mr Darling again. He repeated the phrase this very week. Transparency and competition constitute an ideal state, which we have not yet reached. Meanwhile, Labour proposes to "streamline" the present British structure under which a government-appointed board supervises a stable of professional bodies. As Mr Darling says, self-regulation "is now largely a fiction". So is the notion that if you are taught ethics and put on commission you will tell prospective buyers that this car is dodgy, that house's roof leaks, or this annuity's value will be halved before you die if inflation returns to earlier levels. It was fun meeting the ethics committee. Perhaps that is why I am still laughing.

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PERSPECTIVES

Truth of the Matter / Hugh Dickinson

Gross pay and the underclass

It all started with a throw-away aside from my neighbour. As a footnote to the main conversation, she waved a dismissive hand and said, "Of course, I don't have any problem in principle with paying the man £3m a year." I suppose I should have kept my mouth shut. "Hey! That's grotesque," I squawked. Two of my other neighbours at the table turned surprised faces my way. "Oh, do tell us why," one of them requested with sinister kindness. I felt the levers of the market ideologues training round on me. I knew from the start I could not win. I was an alien species with bad genes. But I felt I ought to die nobly. I lent back and looked wise. "Well, it is all out of proportion. It subverts any normative moral judgement about the relative value of people to the community." They looked perplexed (alien speak and two incorrect words - "community" and "moral"). I went on. "The financial rewards you guys pay each other are grossly disproportionate to the rewards we give to other people who are doing equally valuable service to the community. That erodes the warp of human values which holds the fabric of society together. Money is power - it has a huge gravitational pull. It distorts relationships. It matters."

My charming neighbour smiled at me. I am old enough to be her father, and she earns 20 times my stipend. She can afford to be sweet to an old man. "Well, you see," she explained, "it's like this. There is a world shortage of a valuable commodity - say uranium. Lots of people want it. So they bid for it and the highest bidder gets it. "You can't control the global market. It's like trying to control

the tide. You just make it work for you. Financial expertise is a rare commodity. Everyone wants to buy it. You just have to pay what the market demands. It's the only mechanism that can deliver what the world needs." "Regardless of side-effects?" I asked. "Toxic environment, waste of human lives, political instability, erosion of democracy? You're handing yourself and a permanent underclass over into the control of amoral mechanisms - OK for you. Tough on the underclass and dispossessed." "Of course there's pain; there's no system without pain. But this is the best system we know for the creation of wealth and its flow down into the poorer sections of

society. You do believe in the creation of wealth, don't you?" "Certainly." (I was ready for that one.) "But not at any price. Not without a social audit of its effects. The gold mines in the Rand created huge wealth for a ruling elite; but they were the first architects of apartheid to prevent their wealth and power flowing down. The human costs were, and still are, appalling." "Well, I worked in South Africa for five years," said someone up at the table, "and it wasn't like that at all." "In any case," said someone else, "no one needs to be stuck in the underclass these days - at least in this country. Everyone has access to schooling - the open door to opportunity."

I found an unexpected ally in a bald, bespectacled man. I had taken him for a banker; he turned out to be a deputy head of a primary school in south London. "That's just wishful thinking," he said. "I have 36 kids in my class; 17 from single parent families; six different ethnic groups; three or four dyslexics; four seriously disturbed; eight or nine being abused at home. Not much of an open door there. The market has had 17 years to trickle down to that lot. Not much sign of it yet." The argument spread and diversified. Driving home through comfortable England I tried to sort out all the different voices in my head. Charming, intelligent, thoughtful people, sharing a recognisable con-

stellation of values now so familiar that you only need to plot two stars to know where all the rest are located. My own constellation seems to shine largely from some other hemisphere. No doubt it, too, is an instinctive cluster as predictably inevitable as the sun. But what troubles me is a feeling that we are separated by an almost unbridgeable gulf of sensibility. We feel differently, perhaps as John Prescott and Roy Hattersley feel differently from Tony Blair and Peter Mandelson; or as Kenneth Clarke feels differently from John Redwood. It is not just ideology or political philosophy. It is about where empathy is rooted along the

arteries and in the bones. God knows, I live with a lifestyle which is affluent compared with that of an unemployed family in Moss Side, Greater Manchester. But I live enough and breathe enough in an institution which is in intimate contact with the places where people are really hurting in our society for my instinctive empathy to be with them. So I have a deep moral unease that we should cheerfully take it for granted that this system is inevitable (and therefore right) - in which one man can earn £3m a year when men, women and children are being physically and psychologically traumatised by the same system just round the corner. I am not an economist nor political theorist nor a social scientist. My gut feeling may be wrong. But I do just hope there are out there some men and women who share a different constellation of values. ■ Hugh Dickinson is the Dean of Salisbury.



David Harber: awakening interest in quality sundials made to order

Tony Andrews

Dispatches / Leslie Collett

Bowed but not conquered

It was as if we were being prepared for an encounter with an endangered species. Before we even set foot on an Indian reservation, notices of the US Department of the Interior's Bureau of Indian Affairs warned us how not to conduct ourselves. "Do not wander into residential areas. Do not ask too many questions of residents." Most of the Indians I met in Arizona had mental jobs, although I had heard about a tribe near Phoenix which was rolling in profits from a gambling operation on the reservation. Hopefully, they would fare better than the Indians in Oklahoma who, when oil was discovered many years ago on their reservation, allegedly traded in their Cadillacs for new ones whenever they ran out of petrol. In a restaurant in Holbrook, Arizona, close to the Navajo reservation, we sat near a tall, bespectacled Indian father who was having dinner with his daughter. He spoke softly to her and with remarkable patience. Afterwards, he proudly told my wife that his daughter attended a nearby Head Start pre-school. Head Start was one of the few surviving elements of President Johnson's anti-poverty programme.

That evening I read a grim account in the Navajo Times newspaper about the nearly 6,000 children on the Navajo reservation who were victims each year of child abuse - abandonments, beatings or sexual acts. On the periphery of the reservation, in Chambers, Arizona, I watched Indians pull up to the petrol station next to our motel in sleek new cars with elongated rear compartments where the family could stretch out on long trips. Children peered out of the windows as the men pumped petrol and their women bought Cokes and cookies in the general store. One of the Indians, a brawny man in his late 50s, said that he lived from his military pension. "Nothing else except welfare to keep you going here," he said. His T-shirt proclaimed him to be "proud to have served my country as a marine". We drove north on Route 191 through the heart of the Navajo reservation, the largest in the US. The road was nearly empty and the scenery stupendous. A vast arid landscape punctuated by bizarre, gigantic multi-hued rock formations and canyons. Cattle and horses grazed on the open ranges. We saw riders galloping across the plains as their ancestors had done centuries before. "At least they have their land," my wife said. All 65,000 sq km of it are spread over an area nearly the size of West Virginia and populated by only 165,000 Navajos. Oil and uranium were found on the reservation after the second world war, creating income which allowed Navajo families to replace their horses and wagons with pick-up trucks. But the money quickly dried up. A few miles outside Tuba City, a young man appeared, walking in our direction. Normally, I would not even have considered picking up a hitch-hiker, but I asked him if he wanted a ride. My wife moved into the rear seat and he sat stiffly next to me. He was about 20 and, like nearly all the Indians we met, was laconic. My wife offered him some cold water which he accepted with a "thanks". When I asked about some buildings at the side of the road he replied: "Boarding school run by Anglo." In Tuba City, he thanked us and got out near a settlement of drab concrete houses. Nowhere could we escape the

But it was the white man who was providing us with the information

unhealed wound left more than 130 years after the white man violently subjugated the Navajo. Hubbell Trading Post is a National Historic Site on the reservation, 1 mile west of Ganado on Arizona Route 266. A slide show in the National Park Service visitor centre tells the history of the trading post and of its founder in 1876, John Lorenzo Hubbell. He may well have been an "honest, wise and hospitable" trader, as well as a "friend of the Navajo". But it was the white man, and not the Navajo, who was providing us with the information. At the spectacular Canyon de Chelly, the site of a battle between the Anasazi tribe and Spanish soldiers in 1904, signs warn visitors to take precautions against widespread theft. Thunderbird Lodge, where we stayed, even advised guests not to leave liquor bottles in their rooms as alcohol is strictly forbidden on the reservation. In 1983, the Navajos suffered their final defeat at the hands of Colonel Kit Carson of the US Cavalry. After an enforced "Long Walk" to Fort Sumner, New Mexico, they spent four bitter years in exile before the US government allowed them to return to their new reservation. Remarkably, of all the Indian tribes, the Navajos seem to have fared best. They are still there, still providing us with the information.

Minding Your Own Business

A workshop with a bright future

Clive Fewins meets a man who likes to look on the sunny side of life

If his plans come to fruition, sundial maker David Harber's next important clients will be the Perpetual Portfolio Management Group, based at Henley-on-Thames, 3 miles from his workshop in converted farm buildings near the river Thames. The Perpetual directors have no idea they are in his sights, yet Harber has spent many hours researching the company profile and preparing preliminary designs. "When I eventually come to make a presentation to them it will be very detailed and very professional. I am optimistic they will accept," said Harber, 38. The Perpetual example is typical of the unorthodox way Harber conducts business. In the four years since he started The Sundial Workshop he has had several successes following other approaches of this sort. A notable one was for a company supplying a worldwide economic advisory service that is based at Wargrave, 5 miles from his workshop. "I managed to persuade them that time is a vital element of their business and they gave me a commission," said Harber. Harber was less successful with the Sun International chain of hotels, but he plans to present his sundials to them again if given the opportunity. This year, with predicted sales of £40,000, an anticipated profit of £25,000

and his policy of paying himself a minimal salary, Harber believes he is finally on course to create a successful one-man enterprise. "It is fun doing business this way and a tremendous challenge convincing international institutions that they would benefit from one of my sundials," he said. "I am sure small business advisers would throw up their hands in horror at my methods but I enjoy going off at a tangent and following my own hunches." Harber believes his business benefits from what he describes as his "non-focused" approach. "I went to Dartington Hall School in Devon. It gave me a freedom to explore non-conventional avenues and I believe it suited me well," he said. "I have always had a strong practical bent and I was allowed to experiment in the workshops there." Harber worked as a potter, an apprentice thatcher, a mountaineering instructor and an antiques restorer. For some years he owned a barge that he bought in Rotterdam, converted and equipped in France, and brought back to the UK for use as a hospitality venue and floating arts centre. In 1990 a failed marriage meant he had to sell the barge, after which he soon became involved in making sundials. "I started making them in the back garden of my cottage in the Hamble-

don Valley near Henley using my engineering skills and knowledge gained from navigating the barge and flying my microlight aircraft," Harber said. "Originally, the idea came from my fascination with the shadows cast by poplar trees in the Thames valley as I skimmed above them in my little plane. After some experimentation, and one or two lucky contacts that resulted in sales, I realised I had the basis of a serious business that would use my rather diverse skills, suit my lifestyle and really absorb me." In 1993 Harber rented a small former agricultural building near the hamlet of Aston for £100 a month. By this time turnover had risen from virtually nothing to £8,000, with profits around 50 per cent. His main line at that time was a spherical sundial that sold for £300. Sales were largely by word of mouth. Harber had a serious dip in the win-

ter of 1994 but survived by continuing to plough back profits and pay himself very little. In early 1995 he was persuaded to invest £3,000 in a stand at the Hampton Court Flower Show. "It resulted in 30 orders ranging in value between £700 and £2,000 and a potential client list of about 200," he said. "I am gradually working through this and the conversion rate has been more than 40 per cent, depending on how much effort I put into the potential sale." "Although the show will cost me almost as much to attend this year, I am returning this July." Commissions resulting from the show included a sundial for Sir Sven Fergusson, chairman of Coutts Bank, and Gene Fife, former chairman of Goldman Sachs International. "Influential clients such as these have been impressed by the fact that I have been prepared to work with them on the motto and the design," Harber said. "They are valuable references when I am seeking commissions from large corporate bodies such as Perpetual." Alongside this speculative approach to gaining commissions Harber has a standard range of crescent sundials, which he sells direct at £200 each. He also produces a mail order flat brass sundial which can have a motto or inscription to suit the client. These are designed by computer and made by a subcontractor in small batches.

Harber uses two other subcontractors for foundry work, and some engraving and fabricating. When jobs demand a larger space than he has in his workshop he works at their premises. A more unusual standard product he makes to order is a sundial in the form of a small bronze replica cannon, modelled on a style commissioned by Louis XIV, the Sun King, for Versailles. At midday it is fired by the sun. The price is £1,700. "I feel the steady orders these standard lines generate, alongside what I call my more ambitious quantum leaps, give my business stability," he said. Harber relies heavily on bought-in expertise in areas where it is needed. "Fortunately I also have an excellent relationship with my subcontractors and a very dependable part-time book-keeper, who also does my mailshots and letters," he said. "I have no head for business but I am very ambitious. I believe I am awakening peoples' interest in quality sundials made to order, and also that with the millennium approaching there are new markets to be tapped. "I am convinced that after a rather varied career I have found my niche and I shall stick to it." ■ David Harber, The Sundial Workshop, Lower Culham Farm, Aston, Henley-on-Thames, Oxon RG9 2DP. Tel: 01628-628463

Disney and the birth of the leisure ethic

Continued from Page 1

sand sculptures or again, in the darkness of a classroom, creating their own cartoon characters. A camaraderie developed between these students of all ages. A woman from the mid-west in her late 40s was anxious to improve her culinary skills. She ran a part-time catering business from her home and wanted to pick up some tips while her husband was playing golf. Although the

Disney amusement parks were only half-an-hour's bus drive away, a 10-year-old said he found the institute's programmes "more fun". There is little doubt that the experiment has captured the mood of the times. Richard Hutton, the institute's vice-president, said that one visitor had written to say her life had been changed. He was quick to emphasise, however, that Disney had not invented anything new. "What we have done is to combine a whole range of learning, self-discovery and entertainment

activities in one resort, and it is true that there is no place quite like it anywhere else." It all started 11 years ago when the Disney chairman and chief executive, Michael Eisner, went on a family holiday to the Chautauque Institution in upstate New York. The institution was established 150 years ago as a school for Protestant Sunday school teachers. "It has grown into a mecca for cultural activities and self-improvement vacations," Hutton said. "Michael's wife had worked there as a teenager and after

their holiday he was so taken by the place that he left a memo to Frank Wells, the then president of the Walt Disney Company. Eisner wrote that the company should consider building a resort "to enhance the quality of life in a Disney fashion". No one, not even Eisner, knew what life enhancement Disney-style meant. Hutton admitted. An experienced television programming and production man - he was involved in the production of two award-winning American TV series investigating the roots and nature of

human behaviour - Hutton joined Disney four years ago to develop the philosophy and a set of standards for the new self-discovery resort. "Because we were Disney we started with the idea that everything had to be fun. At the same time, we decided the activities should have some potential significance to our visitors, something meaningful," he said. The institute's activities focus on areas familiar to the Disney utopia of wholesome middle-class midwestern American values and entertainment:

animation, film and show business, the environment, sports and fitness. "The idea is to participate and not just take a passive vacation," explained Bob Mervine, another institute executive. "Although we don't pretend to turn you into a mature animator overnight, we want people to take away with them an experience or skill, to be able to say they have done something they probably would never have thought of doing." Disney has discovered that the world is not entirely composed of children. It can no

longer rely on Mickey Mouse and Donald Duck to keep the big money flowing into its corporate coffers. Its new resort fits in with the prevailing trends in the travel industry and the demand for holidays with a purpose from a population with more and more leisure time on its hands. Filling that time will become one of the challenges of life in the next century. The alternative could be frightening. In his much quoted *The End of History and the Last Man*, Francis Fukuyama warns that when machines take over all

our work, there will be nothing left for us to do but lie in the sun like dogs. Fukuyama's vision of the future is already out of date. We are more likely to be working like dogs - but for fun. ■ *The Social Psychology of Leisure*, Michael Argyle, published by Penguin Books, £5.95. ■ *Seven night packages at the Disney Institute all year round start at £905 an adult, includes scheduled transatlantic flights, airport transfers, full board, accommodation at the institute, participation in all institute courses except individual tennis and golf lessons. A 10-day theme park pass is also included. Contact Bridge Travel Services, Tel: 01992-431103.*

Chess No 1,133: 1 B4 (threat 2 Nc4) Nc5+ 2 Rd3, or Nc5+ 2 Bc3, or Nc5+ 2 Nc5.

PERSPECTIVES

Lunch with the FT/Lucy Kellaway

The glum professor and an experiment in pleasure

David Warburton stared glumly at this risotto *à la royale* at *coquille St Jacques* rôti.

"Wine and food do not suit me at lunch time," he said.

This was unfortunate as we were in the middle of a serious lunch at Le Gavroche, one of London's finest restaurants. It was even more unfortunate as the purpose of the five-course extravaganza was to celebrate life's pleasures.

My guest and I were eating for Science. We were proving his thesis, that enjoyment is good for your health. We were also giving a dry run to *The Menu of Pleasure*, a banquet rich in calorie and cholesterol and featuring red meat, double cream, chocolate and wine.

This menu, which he had drawn up with the great chef Albert Roux, was intended as a declaration of war on the food "experts" who forbid these substances. It was to be presented a few days later to an audience of journalists, doctors, academics and psychologists.

Our dry run took place at the unpleasurable hour of 12 on a hot and sticky day. Warburton was pressed for time as he had to attend a mid-afternoon seminar on trauma at Reading University, where he is director of human psychopharmacology.

When I arrived he was standing on the pavement waiting for the Gavroche to open, an oddish, thinish man in grey suit and glasses. He had an anxious look.

In the blood red interior we sat at the deserted bar and ordered some mineral water. The waitress evidently thought this a poor show. "Can I give you a glass of champagne?" she asked. I agreed, and after a bit of hesitation so did he.

The meal itself will be relaxing and unending," he announced, as if reading from a textbook. That was good news as the prospect of so much compulsory enjoyment was making me a little on edge.

"We've got cross-national surveys showing that nearly 80 per cent of people in Luxembourg use a meal to relax," he informed me. Really? I said, uncertain what to make of this statistic.

Not wanting to get too swept up in random facts, I asked how he had got into the pleasure business.

"Pleasure is undervalued by scientists - medicine has had a disease approach to life. The words happiness and pleasure are almost totally absent from the medical data base. In the Oxford textbook of medicine

there are 247 mentions for stress and only five for pleasure. I believe people should enjoy their pleasures whatever they are," he declared.

That is hard to disagree with, I said, taking a large swallow of champagne and popping a smoked salmon *bonne bouche* into my mouth. "People are made to feel guilty if they do not conform," he went on. "They have an ideal and if they do not live up to it they feel guilty, and guilt is a negative emotion."

That sounds a bit obvious, I said.

Unperturbed, he continued: "In *Love's Labour's Lost*, Shakespeare - or whoever wrote it - says, 'A light spirit lives long'."

He explained that he and his colleagues have put together the chemical evidence to prove Shakespeare right.

His message is one that we are all longing to hear: going

'The other effect of pleasure is as an antidote to stress. A laugh in the office is the best possible thing'

to the gym only does you good if you enjoy it. If you do not, the psychological damage may well outweigh the good that is being done from the exercise itself. The message is even more popular with the food, drink and tobacco industries.

Downstairs in the dark basement dining room, our table was laden with wine glasses and a daunting line of heavy cutlery. We were each brought an indecently large slab of *foie gras* with green peppercorns. It was delicious, as was the Gewürztraminer that went with it.

Warburton solemnly explained how pleasure inoculates you against disease. Apparently, if you have done something enjoyable in the last day or two you are less likely to get an infection. Likewise an unpleasant event increases the risk of illness.

"There is an antibody called immunoglobulin-A and it protects against upper respiratory infections of the nose and throat," he said. "It is present in nasal secretions. You can measure it. It's very solid. You can freeze it."

A detailed account of these secretions was put a stop to by

the arrival of the scallop risotto. "Ten minutes after a pleasurable event you can measure the increase in this antibody," he said, and to the waiter: "Just a small glass of Chablis. I really just want a taste."

The other effect of pleasure is as an antidote to stress. A laugh in the office is the best possible thing for you, he assured me.

Warburton solemnly explained how pleasure inoculates you against disease.

But surely you can't just decide to be happy. You can't enjoy yourself just because David Warburton has told you to.

"I think you can make resolutions to get more pleasure into your life," he insisted.

And what about him, does pleasure come naturally? "No, I think I've changed myself. I made my new year resolution that I'd drink not more wine but better wine. I'd spend that extra pound on a bottle. It's a little indulgence."

Presently our scallops were taken away and *trio de omelette aux échalotes et trépassés des bois* was brought in instead. Each dish had a silver dome over it and at the identical moment two waiters lifted the domes revealing three slices of perfect beef underneath.

But is all this rich food really not bad for you?

"We are advocates of moderation. If someone is grossly overweight, or consuming 21 units of alcohol a day, then that is too much. We believe in health education, a presentation of a balanced view of the evidence. We are against the new religion, that you must take exercise, eat high fibre, that if you behave in one way then you are a responsible, moral person and shall have salvation."

This meal was not exactly what I would call moderation, but I let it pass. Instead I asked about how the menu had been chosen. "We wanted dishes that any reasonably competent cook could make," he said. Come, I said. Could you make this? He claimed that he could.

At this point the man who had made it, Michel Roux Jr, came to our table to ask if we were enjoying his marvellous food. Warburton apologised for sending some back unopened, and I, thinking the meal was on the house, thanked him profusely.

According to Warburton, public opinion is moving his way. "Back in the 1980s people thought if they lived the right

way they would live forever. They had their bran muffins and they thrashed their bodies but they didn't feel any happier and they still lost their jobs. Now there is a switch around. It is the pleasure revenge. You can see it in the products that are being sold - the Häagen-Dazs and Ben & Jerry's."

American ice cream is light by comparison with the rich cheese soufflé floating on a lake of warm double cream that had just been brought. By

David Warburton: he believes that going to the gym only does you good if you enjoy it

now we each had four glasses of half drunk wine in front of us, and I was feeling a little despairing. Already uncomfortably full, I was wondering how I could get through the rest of the meal.

I sensed even more anxiety coming from my guest who was very late for his trauma seminar. Presently the half-eaten soufflés were taken away and replaced by no fewer than four chocolate puddings, one hot, one cold, one minty and one with orange, and all delicious.

As I groaned over the pud-

dings he told me about the research he is doing into the hierarchy of pleasure. He has given men and women chocolate to eat in the laboratory and watched how they react.

"We have found that women find chocolate much more relaxing than men. One in three women use chocolate for relaxing at work, whereas only one in five men do."

Use chocolate? I don't use it, I eat it.

Once he has ranked pleasure he is going to do the same for guilt, but is already fearful about what he is going to find.

In the US they found that women felt more guilty about breaking their diet than sleeping with a married man," he said, shaking his head.

We were brought coffee and *peris fours*, but neither of us had the heart to touch them. "I think this meal was meant to be on the house," I said to the waiter, as we prepared to leave. "I'll just check," he said, returning with a little piece of folded paper on a silver dish. It said, £240.

I had eaten the most accomplished meal of my life, but if Warburton had taken a sample

of pleasure antibodies from my nostril just then, I am not sure how much immunoglobulin-A he would have found.

In his own nose it might have been even more scanty, poor man. Not only did he break his normal midday bread and cheese, and miss his seminar, he was also wracked with guilt over the bill.

The following day he left two messages on my machine, sent a fax and a letter with a cheque for his share. I only hope that two days later he did not come down with a monster of a cold.



David Warburton: he believes that going to the gym only does you good if you enjoy it

Colin Brown

Drew et Mon Droit

With the publication of the Queen's Birthday Honours

last week, the season for investitures is back again with a vengeance and, as I found out a few weeks ago, the ceremonies, held 22 times a year, offer an intimate glimpse of the British system at its most fascinating.

It all starts at 10am as police in overalls examine the cars as we prepare to pass through the gates of Buckingham Palace.

As soon as we step out of the courtyard, my octogenarian architect mother-in-law, Jane Drew - since the New Year's Honours, Dame Commander of the Most Excellent Order of the British Empire - is gently taken from her daughter Georgina, her grandson Luke and her son-in-law, and borne off to the room prepared for recipients. (Apparently no one at the palace yet knows Jane Drew is jokingly threatening to take as her armorial motto, "Drew et Mon Droit".)

As each of the recipients is allowed three friends, hundreds of us are guided up the grand staircase past the impassive cavaliers in their cuirasses and white buckskin breeches to the ballroom.

There, guards colonels with swords usher us to our places with a kind phrase.

The Earl of Airlie, in morning dress, the elegant white-haired quintessence of chamberlainship, looks in for a last check before the Yeomen of the Guard clump forward. Then follow the quicksilver

officers of the gorkhas. The Prince of Wales appears and the musicians who had been playing Mozart and Grieg, break into "God Save the Queen".

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Scores follow, but one man stands out. Tall, black, a mountain of a man, he is dressed in morning dress with lace choker and long yellow waistcoat. He is obviously a hereditary chieftain from some African corner of the former empire or colonel of some exotic body of Britannia's fighting men - the Cayman Islands Fencibles or the Pitcairn Light Horse.

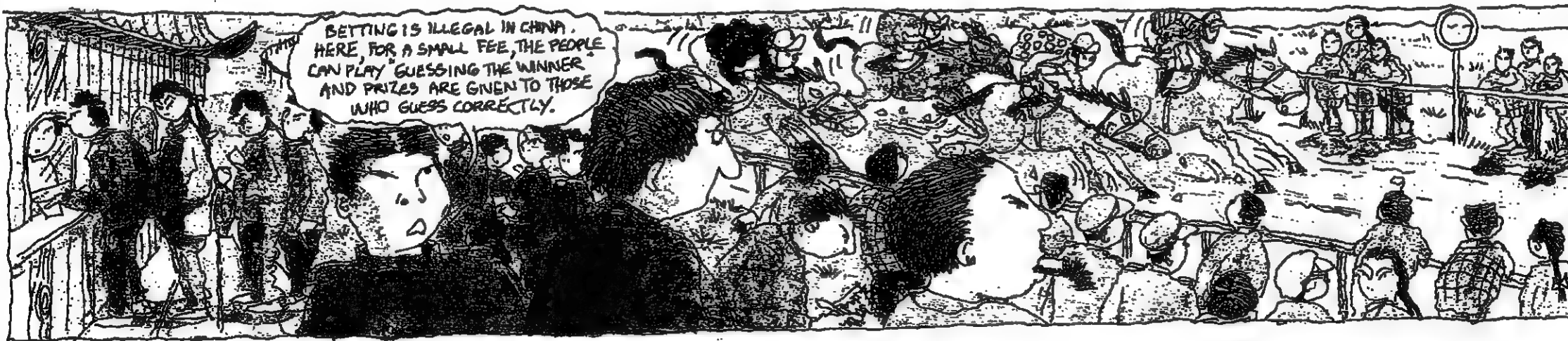
As the man, mountain approach the Prince, the Lord Chamberlain reads out sonorously: "Detective Sergeant Norwell Roberts, Metropolitan Police." It turns out that the DS 49, a drug buster and hostage negotiator in Golders Green nick, became the first black police officer in London in 1967. Humbled by our ignorance, we agree that the Queen's Police Medal was never better deserved.

Investitures seem to be full of such items. How good, that her services to the Bathroom Fittings Industry (the palace's capitalists) has brought membership of the civil division of the Most Excellent Order of the British Empire to Joan, Mrs Scammell. How heartening, too, that Sylvia, Mrs Rickard is granted similar distinction for her services to the community in Mawman Smith, Cornwall.

The Prince has a word of congratulation for each recipient. By 12.30 he has bestowed the last MBE to the man from Customs and Excise, awarded the last decoration to the fireman from Lancashire, given the last Polar Medal to a short man in a kiln. "God Save the Queen" again and of MI6, in the black hat with white roses, has vanished. Unrefreshed, we troop back down the grand staircase.

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Hugh O'Shaughnessy



Betting on a long shot in the Beijing Stakes

John Ridding eschews Royal Ascot and comes up with a tip that China's fledgling horse-racing industry could finish strongly

His first race at the King of Horses meeting in Beijing brought only a trickle of punters to the betting kiosks. By the fifth race, it was hard to push through the throngs, and still harder to collect winnings from the solitary, besieged, pay-out window.

Down by the dirt track, the handful of people who watched the shabby steeds on parade grew into a chattering crowd. Bashful at first, the victorious jockeys thrust their arms into the air as they mounted the winners' rostrum and collected prizes worth months of toil in a state factory.

Such a cautious start and strong finish may provide a pointer for China's fledgling horse-racing industry. Betting is still officially illegal. But the euphemistic game of "guessing the winner" are being tolerated as a social and economic experiment in the country.

As in horse-mad Hong Kong, the result may help provide mass entertainment for the country's increasingly affluent populace and supply funds for

the government's creaking budget.

For Cheng Chunbo, the stakes are more personal. As founder and head of the Beijing track he has a lot riding on the future of racing in China, as he did on the success of this month's meeting - the biggest so far at the course.

Grimacing in the stands as enthusiasm rose around him, he used gestures to explain his expansion plans. To the left he will build a 28-storey club house. To the right is the land he has bought to extend the track from 1,200m to 1,800m.

"We are still very small compared with Hong Kong," he says. But Cheng, a local business baron, is thinking big.

The challenge, for him and for the score of race courses springing up around China, is to reconcile such ambitions with political sensitivities. Deng Xiaoping, the country's paramount leader, famously decreed that to get rich is glorious. But how to do it is the difficult part.

The underlying attraction of betting, the chance to strike it rich at a speculative stroke, is

alien to China's socialist system, albeit one under reform. So the industry is on a tight rein, forcing Cheng to manage a tricky balance.

Presiding over the opening ceremonies for the King of Horses meeting, the jocular racing chief seemed at ease with the task. To loud applause, he handed a cheque for ¥200,000 (£25,400) to the vice-minister of civil affairs, a contribution, he said, to social works.

The ministerial presence was not the only sign of a tacit nod from officialdom. The calligraphy on the plaque in the entrance, below a leaping sculpture of a golden horse, is signed by Tian Jiyun, vice-chairman of China's National People's Congress. On the ground, local police mingled casually with the crowd.

Official acceptance is just part of the challenge facing Cheng. For the moment, the racing venture is supported by his 18 other businesses, from property development to golf. But to pay the prizes - which exceeded a record ¥300,000 at the King of Horses - and to

fund his social contributions, he must draw the crowds to the course on the outskirts of Beijing. Judging by the weekend meeting, he is doing well.

The crowd peaked at more than 5,000 - a respectable figure given the lack of transport

rooms, was Beijing's first Ferrari owner. Around him sat a respectful group of men in expensive sports shirts and women in hats. Downstairs, a film actor provided a celebrity centre of attention.

There were also types familiar to the Tattersalls of any British course. Scruffy men dug their hands in their pockets and scrutinised the horses as they cantered towards the starting gate. One, whose T-shirt portrayed Playboy bunny ears sprouting from the head of Lenin, darted repeatedly from the trackside to the betting windows.

The event drew sponsors as well as crowds. Nestlé stands supplied free coffee and chocolate drinks. Budweiser advertisements hung from the track railings, where there used to be a banner proclaiming the illegality of betting. A salesgirl in a skin-tight dress sold cans of the American beer.

The workings of the race also strived to simulate foreign techniques. Odds were illuminated on an electronic totalisator board in the middle of the track. But they fluctuated from the capital, save for a solitary bar.

Those who made the trip were drawn from a broad cross-section of the public, but with a bias towards the socially and physically mobile. On the upper floor, where the glitterati sat in air conditioned

rooms, was Beijing's first Ferrari owner. Around him sat a respectful group of men in expensive sports shirts and women in hats. Downstairs, a film actor provided a celebrity centre of attention.

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wildly as wagers were placed, with a 66 to 1 rank outsider becoming a 3 to 1 favourite in the blink of an eye. A newspaper with form guides and reports had been halted by the authorities, leaving punters fumbling to select their steeds.

With little form information, size often became a safe bet. Wind Sweeping Cloud dwarfed its rivals as it thundered home in the third race. In the following event, however, the lumbering number nine served as a reminder that size is not everything.

New horses are part of Cheng's plans for the next stage of development. A brochure for the Beijing Jockey Club says that 200 are due to be imported from Australia and New Zealand by the end of the year.

So for the small horses from north-eastern China which at present contest the club's prizes, the competition may be about to become much fiercer.

Computer systems and track maintenance have already been improved, sometimes after assistance from the Hong

Kong Jockey Club. Emphasis is also being placed on improving the quality of the club's jockeys. A message over the loudspeaker explained that in an effort to encourage dietary rigour, the lighter jockey will be deemed the winner in the case of a tie.

The club itself is being targeted as a means of developing revenues. For a special offer, a price of ¥20,000 (¥2,000) Beijing race enthusiasts can buy membership and ownership of a horse, which they also get to name.

This is a lot of money, but a snip compared with the HK\$20,000 (£2,700) required to join the Hong Kong Jockey Club, after a two-year wait, and with no horse included.

Nearly 60 have signed up so far. To secure more, Cheng must press ahead with building the new clubhouse while, as ever, picking his way through the grey area that surrounds Chinese racing. The odds are uncertain.

But as China develops an appetite for the horses, and as its leaders experiment with reforms, his ambitions are less of a long shot.

of pleasure antibodies from my nostril just then, I am not sure how much immunoglobulin-A he would have found.

In his own nose it might have been even more scanty, poor man. Not only did he break his normal midday bread and cheese, and miss his seminar, he was also wracked with guilt over the bill.

The following day he left two messages on my machine, sent a fax and a letter with a cheque for his share. I only hope that two days later he did not come down with a monster of a cold.

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FASHION



Drawing by Richard Gray

Hot blazers for the summertime

Versatile and comfortable, a man's wardrobe is incomplete without this jacket, says Nick Foulkes

Despite what imaginative fashion designers and trend-conscious retailers insist, there are few classic items of male clothing. They include the tweed sports jacket, the pin-striped suit, the grey flannel suit, the dark blue suit, the dinner jacket and, of course, the blazer.

Of these, the blazer is arguably the most versatile. Robert Gieve, of Savile Row tailor and outfitter Gieve & Hawkes, encapsulates its appeal. "My mother brought me up to wear clean socks and clean underwear in case I had an accident and had to go to hospital. Today I would also advise the wearing of a blazer. It meets every eventuality and every aspect of almost anyone's lifestyle," he says.

With a formal poplin day shirt and a crisp silk tie, the blazer takes on an almost regimental or formal club look; open-necked with chinos it looks more relaxed and can even be worn with jeans and a T-shirt.

"The blazer is incredibly comfortable," says Italian designer Nino Cerruti. "It is one of the easiest pieces you can wear, having the advantage of working beautifully with gaberdine pants or blue jeans."

It seems that with a blazer it really is possible to have it both ways. As Cerruti gamely puts it: "The blazer used to be the formal way of being right, now it is the comfortable way."

The blazer's popularity has risen as the concept of "Dress Down Friday" has crept into the British working week.

Holland & Holland has developed lambswool tweed blazers at £345 to wear with cords and moleskins, while the best seller at the Savoy Tailors Guild is a navy four-button, single-breasted blazer which, at £295.50, offers a silhouette favoured by today's youth. "We are finding that we are selling more blazers for Friday wear in the office, when young professional men want to appear smart, but not as formal as they would appear for the rest of the week," says Rowland Gee of the Savoy Tailors Guild.

As well as being comfortable the blazer still underpins such classic events of the English summer calendar as Henley, and is also worn over formal racing clothes during lunch, before morning coats are put on.

The blazer purchaser is faced with a bewildering range of choice.

There are blazers from £90 to £200, in everything from plain solid wools to luxurious cashmere, bulky flannels to crease-resistant super cool wools. They come in most colours from navy blue to bitter chocolate, and bold stripes.

Then there is the question of the buttons: shiny brass, crested silver, white horn, black resin, even pewter are a few of the materials pressed into service to fasten blazers. But one first has to decide whether it should be double or single breasted. Jeremy Hackett, chairman of the men's outfitters which bears his name, says: "In England the double-breasted blazer is certainly the most popular. The single-breasted tends to look more American and is bought by younger customers."

If only it were a question of choosing between double and single-breasted. Aquascutum alone has about 14 different types of blazer available off the peg and many can be made to order.

Going into a gents' outfitters and asking for a blazer is a bit like going into a supermarket and asking for some food. It is impossible to be too rich, too thin or, it seems, to own too many blazers.

Even so, I was shocked when I thought about how many blazers I own. They include one bespoke double-breasted blazer in navy blue wool from Stamp of Oxford with a sky blue lining; one ultra lightweight one from Brioni with an orange lining; one from Brooks

'It is one of the easiest pieces you can wear, it works beautifully with gaberdine pants or jeans'

Brothers; one from Pierre Cardin, complete with branded buttons and Paisley lining circa 1988; one high buttoning, double-breasted "boating jacket" with five buttons at the cuff; one white, red, blue, white and green striped four-button, single-breasted creation from early this century which should only be worn

with boater, punt and wind-up gramophones - if at all; one in navy blue flannel three-button, single-breasted blazer from Hackett; and one rather decrepit blue double-breasted thing with patch pockets.

I also seem to remember a soft blue flannel blazer with taped edges, a pink one and another liberally accessorised with braid, which looked as if it had been ripped from the back of a White Russian admiral. But these have probably been thrown out or locked into a trunk in the loft for my own good.

Robert Gieve has a less eclectic and more rational approach. "I have got three blazers, a classic double-breasted with our house logo on the button, discreet but nevertheless worth wearing as I am a fifth-generation Gieve, another double-breasted one with a plain gilt button which I wear in situations where I do not want to be too corporate and a single-breasted which I wear instead of a sports jacket."

In the main, a double-breasted jacket gives a more formal look, but when the temperature rises a single-breasted jacket is more convenient and comfortable to leave

unbuttoned. A blazer is one of the few items of the male wardrobe which can be described as an investment purchase, and if bought sensibly it should never go out of fashion.

"A traditional blazer should be double-breasted," says Hackett. "It should button quite high and have a generous width lapel, the six buttons should be brass and the blazer should have side vents."

If in doubt it is best to steer clear of overly decorative buttons and breast pocket badges unless you plan to wear your blazer to the appropriate club, regimental or school gatherings. However, as the blazer is a faintly sporting garment discreet touches such as buttons commemorating, say, a blue won at Oxford for golf are bearable.

If the style is virtually immortal and unlikely to date it makes sense to buy a blazer which is soundly constructed, hence it is worth spending as much money on it as possible. A bespoke garment is, of course, the perfect solution but with a good West End London tailor relieving you of around £500-£700 and in Savile Row up to about £1,000 for a blazer, this is not

always such a good idea.

For a better option, try Hackett and Gieve & Hawkes which offer made to order and special services. If buying off the peg, try to select a garment with a floating canvas chest piece. This means that the blazer will have a better shape and is less likely to collapse or bubble up after a couple of visits to the dry cleaners than its completely fused counterparts.

It is also a good idea to consider the weight of the cloth.

While some of the heavier almost reefer-style blazers are perfect for Britain, they do not always travel well.

One of the great joys of the blazer is that it is good for going abroad and can give that much needed air of respectability which is a big help with airline upgrades. Conversely, if a blazer is too light it means that its use is limited to hot countries. The ideal choice is a mid-weight one of about 10-12 ounces.

Finally, if your wardrobe is to include just one blazer make sure it is navy blue. Honey-coloured cashmere may be all very well if one spends a lot of time watching the world go by from the back of a gin palace in Puerto Banus, but it will look odd in the more conservative atmosphere of Bournemouth.

A real gift of a home delivery

Karen Wheeler on a booming baby business

Most of us reach for a credit card and dial a florist on news of the birth of a friend's offspring: few have the time or inclination to travel around Hamleys or baby-wear shops. But those who want to send something a little more original - and useful - than flowers, can do so using an ingenious new service called Baby & Co.

Baby & Co will deliver a gift hamper to anywhere in the UK by the next day. Inside the wicker basket are welcome things for a newborn baby, such as broderie anglaise coats, hangers, little hair brush sets, natural products made from aloe vera and chamomile, and goodies for the mother too - jars of honey, herbal teas and biscuits beautifully packaged in Beatrix Potter tins.

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The hampers can be themed. For example, the bath-time hamper contains bath products, soap dish and a thermometer, while the feeding-time hamper contains a hand-painted tray, tumbler and cotton bib.

Alternatively, you can assemble your own hamper from a comprehensive list. "The only thing missing is something for the new father - a bottle of port or some earplugs would come in handy," says Michele Clements, 37, who formed Baby & Co in January this year with a friend, Leanne Gordon, 23.

Clements, mother of 18-month-old Josh, was partly inspired by her own experience. "By the time I had received the 10th bunch of flowers after Josh was born, I ran out of vases and had to keep them in the sink," she says. She also points out that many newborn infants are allergic to pollen.

Understandably, some people are nervous about ordering gifts by telephone, but Clements and Gordon (both married to financiers) stress that the hampers are tasteful rather than twee.

"We get many callers, particularly men, who haven't got a clue what to send and are quite

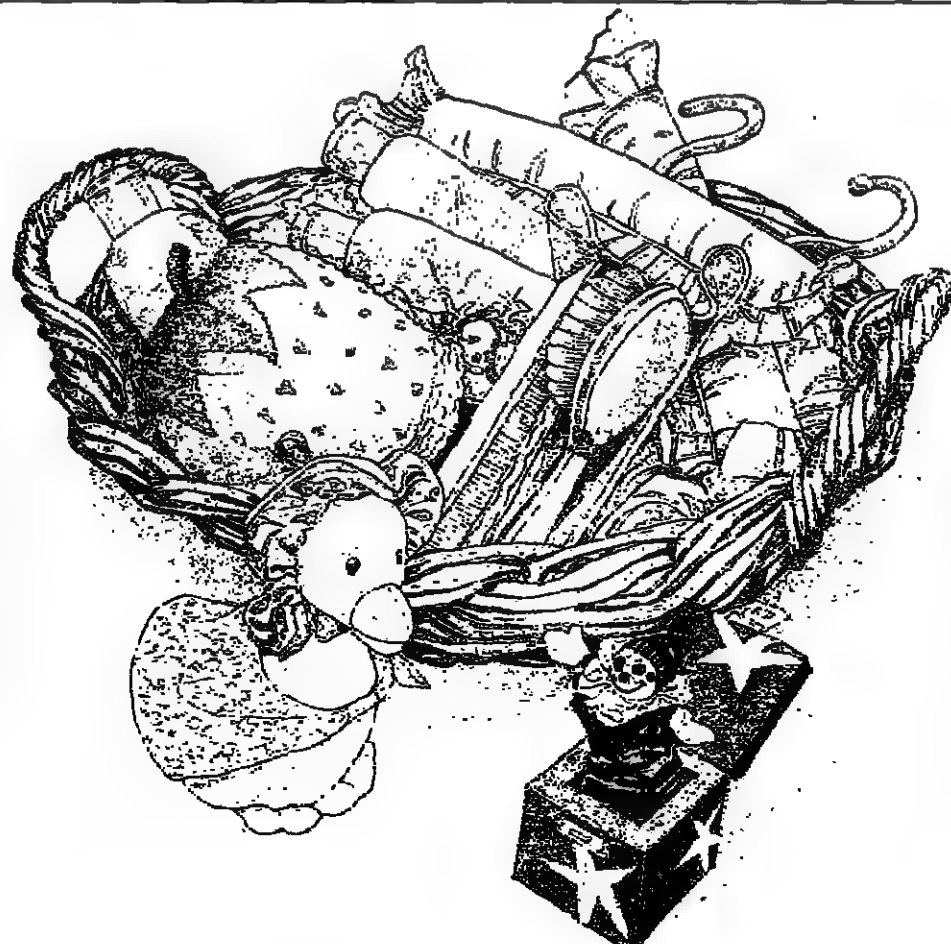
happy to leave it to us," says Gordon.

With a penchant for Gucci and pretty enough to be models (Gordon previously worked in Vogue's advertising department and Clements did interior design), both have exquisite taste. They set up Baby & Co in January with little more than a computer, a fax machine and £500 worth of stock, working from a back room at Clements' Kensington home.

To begin with, clients were mostly friends and drawn from the worlds of fashion and finance, but news has spread by word of mouth and business is booming. The only wonder is that somebody did not hit on such a simple idea before.

Ironically, the hampers started as a bread and butter sideline to their nursery equipment service - a similar concept to the Wedding List Company whereby Clements and Gordon co-ordinate an entire nursery for the mother-to-be, with everything from Moses baskets to high chairs. Small overheads mean prices are significantly lower than in the high street and there is no service fee.

In addition to hampers for newborns, Baby & Co also does christening and birthday bas-



kets, which can include toy chests hand painted with the child's name. One of the most delightful items is a little red Merry Berries cardigan knitted to resemble a strawberry, which comes with a cute matching beanie hat topped

with a little green stalk. "A lot of people have also placed standing orders with us because they can't keep up with their god children's birthdays," says Gordon. "We log the date in the diary and then phone up a week before to

remind them that little Emily's birthday is imminent." Prices are very reasonable for such a personal service, ranging from £15 to £250 or more (usually the result of an office collection), excluding delivery. Baby & Co. tel: 0171-373 0574.

Fashion Notebook

Changes afoot

Since fashion fads usually require a degree of discomfort (witness last year's stiletto heels), it may come as a surprise to find that the shoe of the moment is the squishy, lightweight driving loafer, complete with non-slip nubbles on the soles.

For proof of its current fashionable status, look no further than Joseph (0171-629 4774), which stocks JP Todd's driving shoes alongside its Prada loafers.

They come in pale blue, meadow green and neon orange as well as neutrals. Snakeskin has almost sold out (despite its £225 price tag); camel and black patent leather are also favourites.

Joseph reports that an eclectic group of people are buying them. Liz Tilberis, editor of style bible, Harper's Bazaar, the Princess of Wales and model Elle Macpherson were all spotted wearing them earlier this year.

JP Todd's work well with casual clothing - particularly flat-fronted, slim trousers. There is, however, a drawback - the driving shoe, devised in 1963 for racing types on the Mediterranean social circuit, means exactly that. It is great for leaping in and out of cars and for lounging around in the garden but it is not robust

enough for a bracing country walk. And at £149 a pair, it would be foolish to try.

Despite the best efforts of designers to make this summer's clothing a jewellery-free zone, most women have chosen to ignore the spartan edict, opting instead for discreet pieces, such as a jewelled Tiffany cross or something in silver from Van Peterson. Pearls, beads and other baubles, however, have remained in jewellery boxes.

There are signs now that this is about to change. In the recent movie, *Cosmo*, actress Sharon Stone's eye-catching outfits were all generously accessorised by over-stated jewellery by Bulgari. Meanwhile, in London's Sloane Street, there is an arresting sight in the window of Gianfranco Ferré: a plain white outfit topped with an unmissable, multi-stranded necklace of scarlet glass beads.

And Fulham Road costume jeweller, Farah Lister, which makes over-sized necklaces and bracelets in pastel coloured, opaque glass beads, says that fashion editors are once again borrowing jewellery for fashion shoots. After minimalism, could this be the first sign of a new "maximalism"?

K.W.

Top head hunters stalk the campus for art's sake

At the Royal College of Art, Lucia van der Post finds its graduates with degrees in the avant-garde, the highly inventive and the clearly saleable

We are already half-way through the season of the art college shows. The Royal College of Art has already shown the work of its graduates in fine art, fashion and textiles. Charles Saatchi and gallery scouts have already been and done their spotting - and their buying.

Those who have missed it can catch up by buying the college catalogue printed by Blueprint which illustrates an example of the work of every student. If something appeals, remember that the students are keen to turn a penny and more than open to commissions.

Hot tip for the artist to watch is said to be Philip Jones, while on the fashion front Gianni Versace saw the show one Friday, had flown Vanessa Doyle to Milan by the Monday and invited her to join him full-time. From another - Briony Stevens - he bought her mannequin and is interested in other designs.

All this is by way of saying that the work of our students is invigorating and inventive and that if there is work that appeals to such educated and sophisticated eyes as those of Versace and Saatchi, then there is certainly much to interest the rest of us.

Make a note of June 27 when the next tranche of exhibitions opens. This will be a good chance to see the work of ceramicists, glass makers, goldsmiths, jewellers, furniture and graphic designers and illustrators.

The natural history illustrators rarely get much publicity but this year there are two in particular whose work is worth seeking out. Lauren Dorman has already caught the eye of Christie's wildlife art buyer and no wonder - she works with naturalists and zoologists and regularly visits Africa to draw and study primates. Her drawings - of gorillas, in particular - are haunting and beautiful.

Gerry Turley is fascinated by rare breeds and has created a children's book of much charm focusing on examples such as the British saddleback and Shire horse.

Helen Legg is possibly the most immediately commercial designer among the students who work with glass - although she is as creative and inventive as any. She has explored ways of updating the old Venetian technique of Millefiori and has produced some remarkable bowls.

Legg's kaleidoscopes (she is fascinated by prisms and the principles of refraction) are original, while her reworking of the old country house standby of the water jug and glass is contemporary, bold and beautiful.

Look out also for the strong bold forms and deep rich colours of Gareth Williams. Students, as is wholly right and proper, are much interested in contemporary themes and Delyth Done's ceramic pieces are unusually disturbing. A farmer's daughter, whose brother is an embryologist, Done has become increasingly interested in the world of surrogacy and genetic engineering. Her sculptures are of mutant animals - a pig's head

on lamb's back legs, a pig's head on a single cow's hoof. They are haunting but Done says they are not meant to be scary. "My work isn't anti-farming," she says, "but it is questioning some of the new methods that modern farming involves."

In the jewellery and goldsmithing departments, there is the usual mix of the highly wearable, the strangely surreal and the sculptural.

Emi Fujita, a Japanese student, has produced a highly contemporary version of the traditional Japanese hair ornament. But she turns it into something more original by providing each pair of hair pins with a richly coloured glass base in which they are kept when not in use and which are decorative in their own right.

Ian Ferguson's work is

among the most refined in the show. He has spent a long time studying the ancient Japanese craft, *Mokume Gane*.

Developed more than 800 years ago, it was used in traditional sword-making and refers to the patterns forged into the blades. It is a difficult and laborious technique and his exquisitely refined bowls and vessels have already caught the attention of the Victoria & Albert Museum, which has bought some of his work.

Cecilia Yau, a young Chinese student, has some extraordinary rings and necklaces made from ready-coloured fishing line nylon. With this material, she makes long flexible rings that run the full-length of the finger and necklaces which can be wound round the neck rather like a scarf.

As always the show is a mix of the highly inventive, the clearly potentially saleable, and the down-right avant-garde.

There is a wide range of styles here that guarantees something of interest to most people. Entrance to the degree shows is free and they are open from 10am to 8pm on weekdays and from 10am to 6pm at weekends.

■ The Royal College of Art is at Kensington Gore, London, SW7.



Hair pin bands: Emi Fujita's ornaments for which she devised beautiful glass blocks where they sit looking beautiful and sculptural while not in use



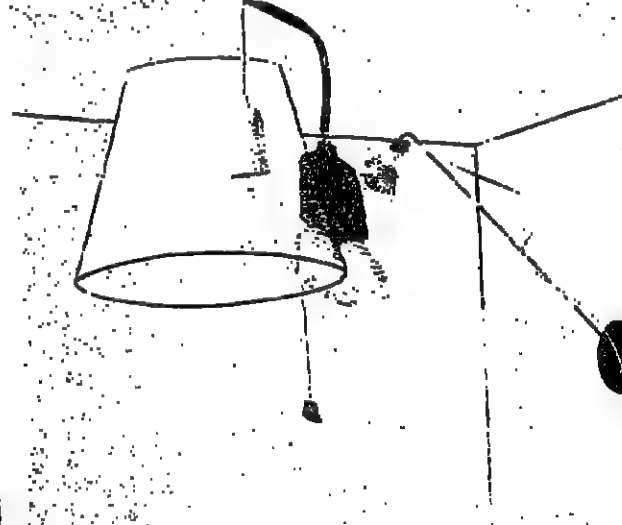
Water works: Helen Legg gives a fresh look to the traditional water jug and glass, using brilliant colours, and makes them objects of great beauty



Prime example: Lauren Dorman's haunting drawings and woodcuts are dominated by primates - in this case, the gorilla



Questioning: Delyth Done's strange and haunting ceramic pieces tend to be disturbing



Light and shade: Ceaus Shaw's lamp is half-picture, half-light. When switched on, the smaller halogen light shines on the larger one



Lara Bohinc's locket comes with a tiny pencil, eraser and paper

A place for post-rejectionism

For all those who are looking for something attractive to hang on their walls that will please and fit happily into their domestic lives without costing a fortune, the

Llewellyn Alexander Gallery could well be the place to look. Here are some of the best of the pictures that did not make it on to the Royal Academy walls.

As anybody who has ever read anything about the Royal Academy knows, every year about 14,000 hopefuls submit pieces for the summer show and only 800 end up on the walls.

The Llewellyn Alexander Gallery has for several years offered a sympathetic home and exhibition space to the best 1,200 of the remainder (although this still, by my arithmetic, leaves about 12,000 sad artists with little chance of showing or selling their work anywhere).

Here for those with small(ish) budgets are works for as little £50. Average prices are around £500 and some of the bigger works - such as Jon Sayer's mysteriously surrealist "A

Simple Deception" photographed here - are priced at about £1,500.

The exhibition runs until September 7 and 6 per cent of the price of each work will go to the NSPCC. The gallery is opposite the Old Vic Theatre, at 124-126 The Cut, Waterloo, London SE1 8LN.

What to do with those banks of CDs and videos is a recurring problem in the musically minded home. Hi-tech solutions are in some ways the best - they echo and reinforce the hi-tech revolution behind the compact disc and seem as appropriate a way to store them as music.

Nevertheless, not everybody wants a smart bit of metal around the place so a small little company, The Art Works, based near Market Harborough, has developed its own solution. It produces a series of neat columns or plinths which come in two

sizes - the smaller holds 120 CDs or 40 videos, while the larger ones hold 160 CDs or 60 videos (or combinations of both).

Although several examples are on show at any one time at 5-7 The Mews, The George Hotel, Stamford Lincolnshire (tel: 0780-482100) they can be made to order in any colour or finish the customer chooses and can look sleek and modern when they come devoid of the decorative mouldings and painted in matt black. They assume a classic and grand aspect when finished with a marbled paint effect and Grecian Doric flutes, and neo-classically simple when painted in a matt finish with a simple moulding.

Prices range from £325 to £395. They can also be seen and bought at The Courtyard, Loddington Hall, Loddington, Northamptonshire, NN14 1LA.

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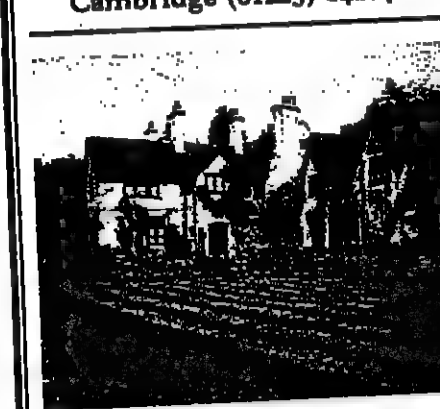
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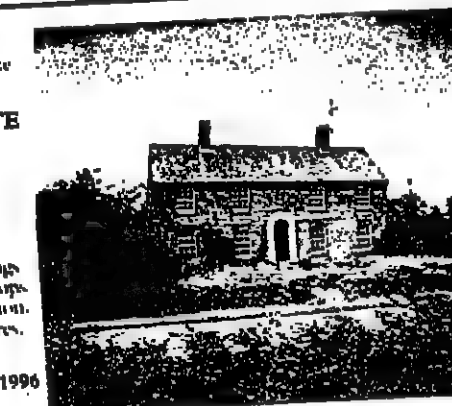
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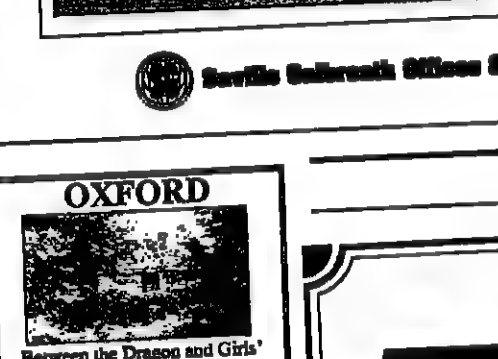
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PROPERTY



West Loxham Hall estate, Swaffham, Norfolk: Knight Frank seeks more than £4m



The Whiteway Estate, Devon: Clegg Kennedy Drew and Strutt & Parker in Exeter want more than £1.5m

Why the country market is hotting up

Farming profits, says Gerald Cadogan, are a big factor in driving up prices for arable estates

This year the market in country estates is red hot, says Willie Gething of Property Vision. "I say this as a buying agent, not someone trying to sell."

Estate agents agree. "It has nothing to do with the general property market of the Halifax and Nationwide indices," Gething adds, although that is at least rising.

One example is a working estate bought recently by Property Vision for a client for £8m. "Within 24 hours we had been offered a £1.5m profit," he says, which the client declined. Wilbury Park in Wiltshire, between Salisbury and Andover, was marketed in early May, with Clegg Kennedy Drew and Strutt & Parker asking for offers of more than £5m. It has been sold to a UK buyer for, reportedly, just over £7m.

It is almost certainly the first Palladian house in England, based on Andrea Palladio's *Palazzo Maggior*, with influences from Inigo Jones - a good Palladianist - detectable in the south front.

Inside, it is rich in ornate plasterwork and coffered ceilings. It also has a working estate of 874 acres, including three lodges, six cottages and a farmhouse.

Property Vision looked at Wilbury for a client, but the final purchaser (for whom agent Savills acted) beat the competition hollow. Gething had in fact "turned it down

for our client". He said: "It is only half a mile from the main runway of Boscombe Down. RAF jets scream overhead - and the runway is due to be extended."

He believed the original £5m asking price was "about right".

During the 400-plus years since landowners started to build large country houses rather than castles, nothing has changed.

Country houses used to be a way of converting agricultural rents - and sometimes mining profits - into an elegant, comfortable life for a few in a house that was too large for most people's needs. The contrast is stark at Penrhyn Castle in north Wales, an enormous Victorian house built on the profits of the nearby slate quarry.

Along with bonuses and realised stock options, rollover money fuels the 1996 market. Rollover buyers are those looking to reinvest the proceeds of selling a business into another business, namely farming. That should avoid CGT and, provided the size of the trophy house is not out of proportion to the amount of land under farming, eventually lead to 100 per cent IHT relief.

Looking at these long-lasting tax advantages, Gething is not surprised that someone should pay such a premium for Wilbury. In the end "he will be no worse off", he judges. "But there is no competing



The Comenden Manor Estate, Sleaford, Kent: for which Lane Fox and Lloyd Martin ask £950,000

with that sort of money", especially when the buyer still has to pay a tidy sum for redecoration.

The likely change of government to Labour has already been discounted, he says. He has two estate buyers on his books from North America who still see Britain as "a friendly place to have some money in".

Profits from farming are a big factor in driving up prices, especially for arable estates which can show a profit of £150 to £175 an acre, and sometimes much more, thanks to the arable area add payments of the

European Union's Common Agricultural Policy.

How long can the bonanza in profits - and farmland prices - last? Richard Deans of Cluttons compares the farmland boom with the 1988-89 house market. "It has to stop sometime. But when?" It probably has some way to run, at least until after the next review of the CAP, perhaps longer depending on the rate of the pound against the ecu. About £2,500 an acre is a regular price now for land, and the best goes for more.

Shortage of estates for sale is another reason for prices rising. Few are advertised. "In this small market, 10 new players have a significant effect," says Berde Ross of Savills. "It is a very strong market. If they find the house they want and can't have it, they are ready to pay more to get it."

The rising value of London property also affects the estates market, and that for old rectories and large farmhouses. People in Kensington, who decide to move out as the children grow up, still find that their London pounds go far towards buying something big in the country.

Two estates are for sale in the Chilterns with plenty of woodland. HW Dean and Savills asks for £3.2m to £3.4m for Elvendon Priory with 782 acres near Goring with a famous pheasant shoot; and Cluttons, £3m for nearby Turville Court with 611 acres and its shoot.

"It is pitched at a fairly high price," says Deans, "but it is a Rolls-Royce area where a high price is the norm."

New on the market, and ideal for rollover relief buyers who are serious about becoming farmers, is West Loxham Hall, near Swaffham, in Norfolk, with 1,084 acres of high quality land, of which 851 qualify for arable area add payments.

It also brings water abstraction licences for 45m gallons and a first-rate commercial shoot, two farmhouses, nine cottages, 18 loose boxes and gardens running down to a moat. Potatoes, carrots and sugar beet grow well. Knight Frank is seeking more than £4m.

An attractive 19th century late-Georgian house with 131 acres is Comenden Manor near Sleaford in Kent. Lane Fox and Lloyd Martin are asking £950,000 - just right for our Kensington banker.

Strutt & Parker in Exeter want more than £1.5m.

In Scotland, Glenfaintaig on Loch Lochy at Spean Bridge in Inverness-shire, is for sale at more than £1.5m (from Strutt & Parker in Edinburgh) for 2,133 acres offering farming, fishing, rough shooting and deer stalking.

An estate best suited for corporate use, with 46 bedroom suites, seven state rooms, golf course, clubhouse, conference centre and 548 acres, is Brockton Hall in Hertfordshire. KF and S & P in London asks for expressions of interest by July 11, suggesting a guide price of £15m.

The grade I house, by the great James Paine, is rich in rare stories, down to modern times.

Finally, new on the market this week is Longwood near Winchester, a lovely property with 1,378 acres, and an old park and gardens, but the big house was pulled down after the second world war. There is room to put up another. Savills asks for offers of more than £2m.

Clegg Kennedy Drew, London (0171-499 1904); **Cluttons, Oxford** (01293-821421); **Knight Frank, London** (0171-629 3171); **Lane Fox, Sevenoaks** (01732-459900); **Lloyd Martin, Cranbrook** (01520-712500); **Savills, London** (0171-499 8644); **Strutt & Parker, Edinburgh** (0131-226 2500); **Exeter** (01392-413507) and **London** (0171-629 7283).

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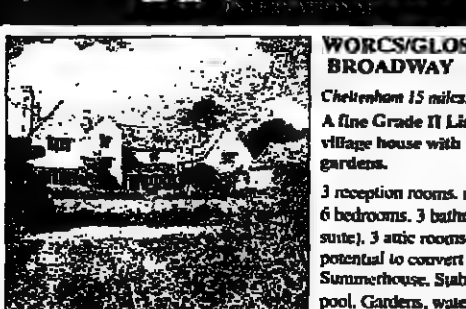
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Gardening

Peak weeks to smell the roses

Robin Lane Fox discovers those places featuring the best displays of the season

Sometimes, we are allowed a foretaste of paradise in order to keep us striving to attain it. Last Saturday, gardeners had the perfect day. The breeze softened a cloudless sky, the paeonies were catching up with the lilies, lupins and poppies; the greenery had not hatched in bulk and the first of the roses were beginning to open in cascades on every wall and archway.

Perhaps this weekend will allow us a second taste. If not, we can enjoy the consequences of the recent, warm perfection by visiting gardens which have at last been brought up with their usual calendar.

Nobody can predict the weekend on which English roses will be looking their unrivalled, English best. Last year, it fell nearly two weeks ago; traditionally, it used to be the last week in June. This year, I will hedge the prediction and opt for today, June 29 and July 6. It is no use coming to my area and hoping to see roses at their magnificent best. Most of them hate the dry, poor soil of a garden which lies on the final outflow of the Ice Age and its shingle. I have given up most of the famous beauties with their sonorous old French names. Instead, I go to see them in more suitable sites with the reassurance that I will not have to live with their bushes when the main fortnight is over.

Rose gardens still dominate the British gardens which open for charity, but the list of honour is gradually increasing. Thirty years ago, it would not begin with Monticello Abbey, just outside Romsey in Hampshire. Since then, the National Trust has filled the walled garden with a stunning collection of old-fashioned roses, guided by the expertise of Graham Thomas. It is open from midday until 8.30pm every day in June.

Be sure to note the wonderful specimen of the pink rose, Constance Spry, trained on the left-hand wall of the garden as you walk down the main axis to the second enclosure. This second walled garden contains some fascinat-

ing varieties from the remarkable collection of the Rosarium at Sangerhausen in eastern Germany. Their identity is sometimes controversial, but they are valued immigrants from the garden which kept so much of the family alive during the years of Iron Curtain rule.

Thirty years ago, you would not have visited Helmingham Hall in Suffolk or Mannington Hall in Norfolk, beyond Norwich, if you wanted a first-class day among roses. Both of these private gardens have benefited from the East Anglian expertise of the great Peter Beales and his rose nurseries. I have heard excellent comments on the distinctive metal supports for roses, developed and sold at Helmingham where the colour schemes and design are particularly appealing.

East of London, but nearer you might like to form an opinion of Hyde Hall in Essex, at Retendon, just to the south-east of Chelmsford. The RHS has taken on this post-war creation of the Robinson family and has certainly inherited a dazzling array of roses, including a full-scale show of climbing roses on ropes. It is now an excellent place to go and decide if this style is the one which most appeals to you.

In Cambridgeshire at Hemingford Grey, east of Huntingdon, academic connoisseurs in Cambridge tell me that the manor has an enchanting display of old shrub roses in its 4 acres of garden round an early medieval manor house with a moat river. It is open today from 2pm till 5.30pm and is evidently well worth a visit.

Other points of the compass open up other opportunities where many of you already know established favourites. To the south-west, I doubt if any setting could compete with Cranborne Manor, open mainly on Wednesday afternoons, with its wonderful combination of old brick walls, mature trees and long-planned roses.

Its sister garden is, of course, Hatfield House in Hertfordshire. Its gardens have been hugely increased and improved by the queen bee of grand English gardening, Lady Salisbury,



Inspirational roses from the RHS plant guide to roses (Dorling Kindersley £10.95, 160 pages)

after her titular move to the main seat from Cranborne in the early 1980s. These gardens are a stupendous example of the style on a grand scale.

In a more intimate style, I warn to Towersey Manor, near Thame, just off the M40 in Oxfordshire. The presiding female genius is the daughter of the late Mrs Merton whose Berkshire rectory garden was such a regular visitor to this column as the summit of the English country house style. Towersey has been laid out since 1878 on a site which was unpromisingly flat and decidedly sparse in hedges or distinguishing features. It shows what you can do with determination on a heavy clay soil.

Proceeding west, you can loop towards Chipping Camden to the heavenly gardens at Kiftgate which are open in June and July from 12pm to 6pm on Saturday, Sunday, Wednesday and Thursday. It is marginally too early for the titanic white rose, the fabled Kiftgate, which has grown from one rootstock to a length of several hundred yards. The surrounding roses will be approaching their best, while the Kift-

gate monster is warning to the many who try to plant it in a small apple tree. Further west, down the A40, you can branch off for Sudeley Castle, near Winchcombe. The gardens here are open daily from 10.30am to 5.30pm, but the old Queen's Garden is now simply replanted and a wide range of old roses have greatly enlightened grounds which had needed more excitement.

I will stop short of the northern circuit because this late season has delayed the roses' opening times in many of the best sites. No short-list can possibly exhaust the rose riches of Britain in the next fortnight, but the various styles of this particular list will suit or provoke the eye of any garden watcher or seasonal tourist. While you visit, spare a thought for those who have already sighted black spottal over the gallica bushes. While you enjoy the rose arches, I will be poisoning insects, spraying spores and dreaming of the great heads of flower on Rose Madame Legras St Germain, one of those fabulous French stars whom I will never meet in the flesh but seem unable to meet without aphids in the bud, either.

Motoring / Stuart Marshall

Rover gambles on its image

Some motor manufacturers try to be all things to all men. They produce every kind of car from runabouts to luxury saloons.

Others reckon it is better to concentrate on, say, the medium to upper or lower to medium ends of the market. Rover Group (£5,346 Mini to £45,962 Range Rover) believes in the first approach: its German master BMW (£14,130 Compact to £32,020 850CSi), in the latter.

The rationale behind being a universal provider is that the glory of the posh and pricey cars will trickle down to the cheap ones. In Rover's case, it does. Its new last-year supermini, the 200, feels a cut above its competitors. As it should because it costs more than most.

I have just spent three weeks driving a trio of very different Rover Group products: a five-door 200 series, an MGF sports two-seater and a Rover 800 two-door coupé. The impression of quality conveyed by Rover's Viking ship badge comes at a price. Whether they are worth the extra is for the buyer to decide.

It takes longer than a week to form a more than superficial view of a car. But the build quality of the MGF and 800 coupé was high. The only black mark I awarded the otherwise well put-together 200 was over the driver's door lock. On the second day of my test, the lock barrel fell into the door where it rattled around for a week.

The 200 model I drove was the 220D, powered by Rover's own 2-litre, 86hp turbocharged diesel engine with direct injection, which cold-started instantly without a delay for preheating.

Dropping a big engine into a high-gear car is as good a recipe as I know for effortless motoring. The 200 is small enough to be cramped in the back, a 2-litre engine is on the generous side and gearing at 25mph/42kph per 1,000rpm in fifth is high.

It was a great little goer, very quiet on the motorway, nippy around town (power-assisted steering is standard) and potentially ultra-economical.

A diesel sympathetic driver could expect 50mpg (5.05 l/100km) day in, day out and better than 60 mpg (4.7 l/100km) on an unhurried journey. The interior was quite stylish, the controls light, the boot reasonable and, for a small car, the 220D rode well. With optional extra anti-lock brakes and passenger airbag, it is listed at £11,985.

For months, I had been itching to get my hands on an MGF. In the main, it lived up to my expectations. A mid-mounted engine gives it exceptionally good handling, with cornering powers so high that no responsible driver would try to exploit them fully on the public highway.

It rides with close to family car comfort, noise insulation is good enough for the engine not to drown the radio at touring speeds and the driving seat fitted me like a favourite jacket. Cold and wet weather persuaded me that topless driving was really not on for motorway journeys, so I never saw the MGF at its hood down best.

Hood up, visibility is none too good because the screen is shallow, the rear quarters are blind spots and raindrops make the flexible rear window opaque. Worse, my wife and I both hit our heads on the bare metal hood from getting in and out or when the car rocked

on a rough road. The modest boot takes a golf bag and gets warm enough to crease clothes in a case. (We thought it would be ideal for bringing an unruly Camembert into prime eating condition.)

The handbrake is offset and awkward to apply. All the young people I showed the MGF to drooled over it and dismissed my criticisms out of hand. I thought the MGF (from £16,395 upward) an engaging toy but the only soft top I really fancy is a Mercedes-Benz SL and - even if I could afford it - I would not have one of those as my one and only car.

The Rover 800 coupé and I achieved instant rapport. It is a beautiful car, as English as a Savile Row suit. I like to think that if a man wearing scruffy blue jeans and those horrible training shoes got behind the wheel, a well-modulated voice synthesiser would tell him to get out because he was improperly dressed.

Its styling is elegantly conservative, the interior as traditional as a Jermyn Street hairdresser's premises and the general demeanour urbane. The new Rover 2.5 litre, 175hp V6 engine is vigorous and the 4-speed automatic transmission shifts slickly.

The boot is large and there is ample room for the driver and front passenger, but headroom in the rear seats is limited. Large two-door cars seem rather pointless. Their wide, heavy doors can be a struggle. And that is only for those using the front seats. Price is £29,995.

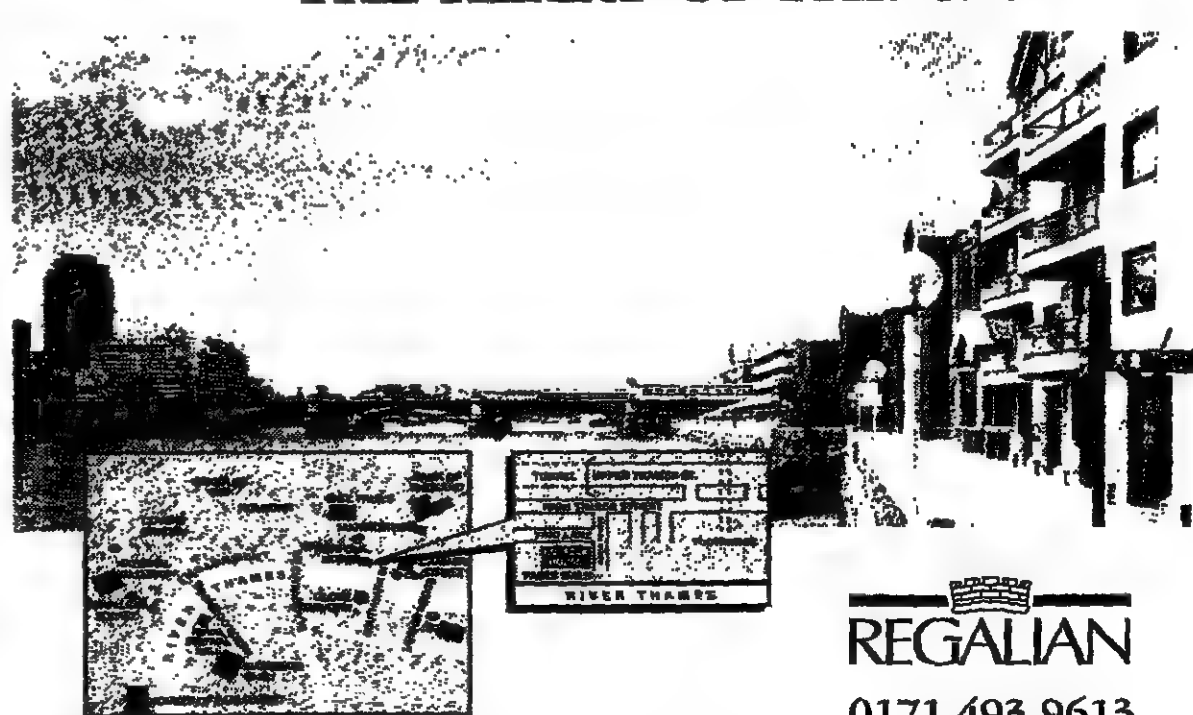


MGF1.6: great for the young - but it is at its best with the hood down

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FOOD AND DRINK



The joys of a noisy meal with friends

Starting a two-page special on Greece, Nicholas Lander finds out what's happening on the London restaurant scene

My theory on Greek food and Greek restaurants is this: while the food served in French, Italian, Chinese and Japanese restaurants is far more exciting, meals eaten in Greek restaurants can linger just as long in the memory. I can still remember my first Greek meal 25 years ago when my hair was way past my shoulders and a holiday on the island of Mikonos, in the Aegean, seemed light years from my home town of Manchester.

Like many Britons, I began cautiously with *taramasalata*, *mousaka* and *baklava* before venturing on to the many variations of grilled, freshly caught fish, squid and octopus with salads of ripe tomatoes, black olives and *feta* cheese covered in deep green olive oil and then the even more distinctive, salty *haloumi* cheese.

That the same happy gastronomic memories have lingered with so many others explains the longevity of many of London's Greek restaurants. For more than two decades anyone keen to remind themselves of a wonderful Greek holiday could happily spend an evening at Anemos or the White Tower, W1, Bectys, WC2, Costa's Grill, W8, one of the two branches of Kalanassas, W2, Greek Valley, NW6, or Daphne, Nottis and Lemoula, NW1.

These restaurants are consistent if not thrilling. One reason for this state of affairs, explained Dimitri Dimitriou, a wine importer, is that Greek restaurateurs have operated in the UK as they tend to do in Greece, seeing their restaurants principally as an extension of the home rather than as a business.

"It's not so much a way of mak-

ing money," Dimitriou said, "as a way of providing jobs for the extended family and a focal point for friends."

But this attitude may be changing - if recent meals at Café O, in Chelsea, south-west London, which opened a year ago, are a reliable barometer - as is Dimitriou's attitude to his native country's wines.

He said: "I haven't sold Greek wines before but at the recent London Wine Trade Fair there were some exceptional Greek wines on show, samples of which are on their

olive oil and warm pitta bread appeared.

The menu offered two courses for £8.50 and three for £10. In nostalgic mood, I ordered the four-course traditional Greek dips which looked enticing in the sunshine: *taramasalata* and *tsatziki* sat side by side with a mixed pepper salad and a pulp of roasted aubergine mixed with olive oil.

I could have opted for chicken and mushroom risotto or stuffed zucchini and herb rice but instead I chose *soutzoukakia*, light minced lamb balls with cumin (for which Rena Salaman gives a recipe on the opposite page). I asked for a glass of a distinctive Greek white wine (14 wines are offered by the glass) and was brought an unopened bottle of Mantinia Spiropoulos 1993, made from Moschofilero grapes grown in Peloponnese.

When the managers recognised my pleasure in the wine she returned with details of a wine and food dinner which Café O was hosting the following week. I happily booked the last table.

Unlike so many Greek restaurants, Café O's interior is bright and modern. Walls are deep blue and white, redolent of a Greek summer holiday, and a case displays colourful Greek objects. Nothing, however, as in so many modern designs, softens the noise level.

But then that is an Anglo-Saxon concern. Greeks enjoy restaurants not just for the food but for the pleasure of being with and talking to friends. The Greek food and drink evening was to be no exception.

As Maggie McNie, the Greek Wine Bureau's master of wine, rose throughout the evening to explain the 10 wines that were being served

Within seconds of sitting down, bowls of black olives, olive oil and warm pitta bread appeared

way to me.

"There has recently been a revolution in Greek wine-making and the future looks even more promising. A number of young Greek winemakers are working in France, particularly Burgundy, and when they go back to practise what they have learnt in Greece you will notice an even greater improvement."

My first meal at Café O could not have been more enjoyable. The sky was blue and there were tables on the footpath and the traffic was fairly calm. Within seconds of sitting down, bowls of black olives,



Marina Fokidu, manager of Café O in Chelsea: unlike so many Greek restaurants, Café O's interior is bright and modern

with the four courses, the chattering reached a crescendo. Cigarette and cigar smoke circled the room and although the front door stayed open only a cold wind signified that this was London not Athens. The food was well-intentioned but

lacking in finesse. However, the first course, large field mushrooms grilled and topped with diced prawns, calamari smothered in olive oil, was excellent and a dish I will copy at home. It was followed by slowly braised

lamb with lashings of thyme. Each course was served with highly pleasurable Greek wines most of which were new to me. In true Greek fashion, plenty of time was taken over the meal to appreciate the food with friends.

■ Café O, 168 Draycott Avenue, London SW3 3AJ. Tel: 0171-594 5593. Dinner & a drink around £30 a person.
■ Greek Wine Bureau, 269A Fulham Road, London, SW10 9EL. Tel: 0171-533 3799, fax 0171-351 9678.

Panayis Manouelides, 35, known to one and all as Panos, was concentrating on the traffic at Hyde Park Corner, London, on his way between the Harvey Nichols and Selfridges and Harvey Nichols, his two smartest customers.

His thoughts were, however, on the village of Rovies (population 1,000) on the island of Euboea off the Greek mainland and, in particular, on its 55,000 olive trees.

These, and the villagers who harvest the olive groves every autumn, have during the past five years established Manouelides as the biggest supplier of Greek, green, blond, black and stuffed olives and virgin olive oil to the UK.

Thoughts of island olive groves

"What is most important is that parts of Greece are not sold off for development to wealthy individuals, the way Florida has been. Once that happens, the land will be lost forever," Manouelides says.

He hopes that the success of the brands he has established, Iliada virgin olive oil for the delicatessens and Karyatis for J. Sainsbury and Waitrose, will continue to protect jobs on the island.

"It's not just the income this

supplies for the many women who every September, when the first green olives are ripe, climb the olive trees to knock the olives down and collect them in their aprons before they hit the ground and are damaged. We also pit the olives once they have been cured, and stuff them by hand with peppers or wild oregano. This provides jobs for those in the mountain villages who collect the oregano."

Although Greece's associa-

tion with olives and olive oil goes back longer than any other country - to 3,000BC in Crete - it is only now that it is beginning to re-establish its identity as a source of premium quality olive oil. As recently as last year, 80 per cent of total Greek olive oil was sold in bulk to Spain and Italy for blending.

Manouelides, who sells the oil from a co-operative estab-

lished in 1935, is conscious of how much rests on his sales technique. "They phone me every day to see how sales are going. It affects the whole village. This is the first year that the co-operative decided not to sell anything in bulk to its usual Italian buyer," he says. "Slowly they are beginning to realise that the only way forward is to add value, to try to establish our own brand. But it has not been easy. Ninety-eight per cent of my first consignment of olives leaked because of faulty jars. Now I

supply the co-operative with jars from the Czech Republic and lids from the UK."

Manouelides is flying to Athens next weekend for a conference organised by the British Hellenic Chamber of Commerce which aims to make Greek olive oil producers aware of the growing British market for quality olive oil.

Other exceptional Greek foodstuffs imported by Manouelides, and increasingly

widely available in the UK, are: *gigantes*, enormous butter beans; *barbayanis trahanes*, a soup pasta made from durum wheat and fresh sheep's milk; saffron from the village of Krakos; and *barbayanis hilopites*, a Greek version of egg noodles added to a roast lamb casserole.

Manouelides's company, Odysea, is at 2-3 Charterhouse Square, Smithfield, London. Tel: 0171-351 0404 for product details. Nicholas Lander.

■ An extra virgin olive oil which is fruity but not overpowering is more difficult to find than you might think. But I have been using a single estate oil for a few days which suits a simple salad perfectly. Produced by Pavlos Sano and his family in north-western Crete, it is the first of a range of olive oils planned by The Merchant Gourmet, a supplier which sources from small local producers across the world. The oil is available from selected Sainsbury and Tesco stores, Selfridges and some delicatessens at £7.95. It is also available by mail order from the Teesdale Treacherman on 01833-638370. Jill James

The wet winter in Greece this year has produced a bumper vegetable harvest - and a painfully early crop of voracious mosquitoes, as I found out in Crete three weeks ago. But the vegetables were better than ever.

Vegetables are the treat in Greek cooking, as they grow so fast that they have excellent taste and yet do not become woody.

Cooks with imagination love working with them, and rejoice that the vegetable markets in Greece and Cyprus are still relentlessly seasonal and local - unlike the perpetual out-of-season imports in US and UK supermarkets.

In Crete visit the markets in Heraklion and Chania (both ideal for buying herbs in large quantities), and in Cyprus the produce displays in the Paphos market rival the Roman mosaics in the *vous le voyage* stakes. Grazing Greek-style at a *taserna* on lots of small dishes, or *mezedes*, in the centre of the table is the way to taste the vegetables. After years visiting both islands, I prefer the Cretan system in which one orders

A glass of raki and small plates of vegetables

Gerald Cadogan, a regular visitor to Greece, has some advice on food shopping and tavernas

specific dishes, giving more control of the amount of food. In Cyprus it is "meze, *parakalo*" and wait and see what comes. Visitors usually take too much of the starters like *taramasalata* or *tsatziki* (or in Cyprus, Greek *talatouri* - the cucumber, garlic and yoghurt spread, which the Cypriots improve with a good dash of mint) and feel stuffed by the time of the first meat dishes like *stifado* (beef stew with onions, bay and other herbs, and a squirt of wine vinegar - excellent in winter) or marinated pork *afeta*, which precedes the grills.

But it is hard to better in any cuisine wild asparagus cooked with beaten eggs, a Cypriot spring-time delicacy.

Fungi are done the same way. There are also plenty of pickled capers in Cyprus - the whole plant, not just the buds which are all that we can buy in jars in western Europe - and fresh courgettes in salads or cut up on cold potatoes with a sprinkling of olive oil.

I am also devoted to Cypriot *sheftalia*, home-made sausages full of herbs, and enjoy *haloumi* cheese which should have mint in it and - if it is a good one - squeak as you eat it. Cyprus is also the only place where I have eaten boiled loofish, which is not from the sea but from the marrow family.

A lovely spring dish in both islands is *enginaras a la polita*, or artichokes Constantinople-fashion, which means a stew of artichokes, new potatoes and dill, and may include broad beans in their pods (the point about things being big but not woody), all in an oily-lemmony sauce. It is heaven.

Artichoke-lovers can also eat them raw and rubbed with lemon, as the Greeks do especially in meat-free Lent to go

with their *ouzo* or *raki*. As an aperitif *raki* beats *ouzo* hollow, but it is uncommon to find outside Crete and some Cycladic islands. It is extremely strong, distilled like a *grappa* or *marc* from grape pressings left from the vintage.

'Eat a meal with mizithropites, hot cakes of mizithra cheese in filo pastry dipped in honey

Usually, a few weeks after the vintage, a village still-owner obtains a licence to run his still for 48 hours, night and day. Often the whole village will come to sit around the fire on a cold October night, eat potatoes baked in the ashes and, of course, test the latest brew as it comes hot from the *kazani* (still).

Raki is strong and has no additives. But if you want to buy a bottle, ask a Cretan to help. You must know the source as *raki* is often diluted or adulterated. Other good vegetable dishes are *koloithokofedes* (fried courgettes and potato patties), and *horra*, boiled wild spring greens needing some oil and

plenty of lemon juice or wine vinegar. Beetroot (*pozaria*) gets similar treatment, and is always served with some of the leaves.

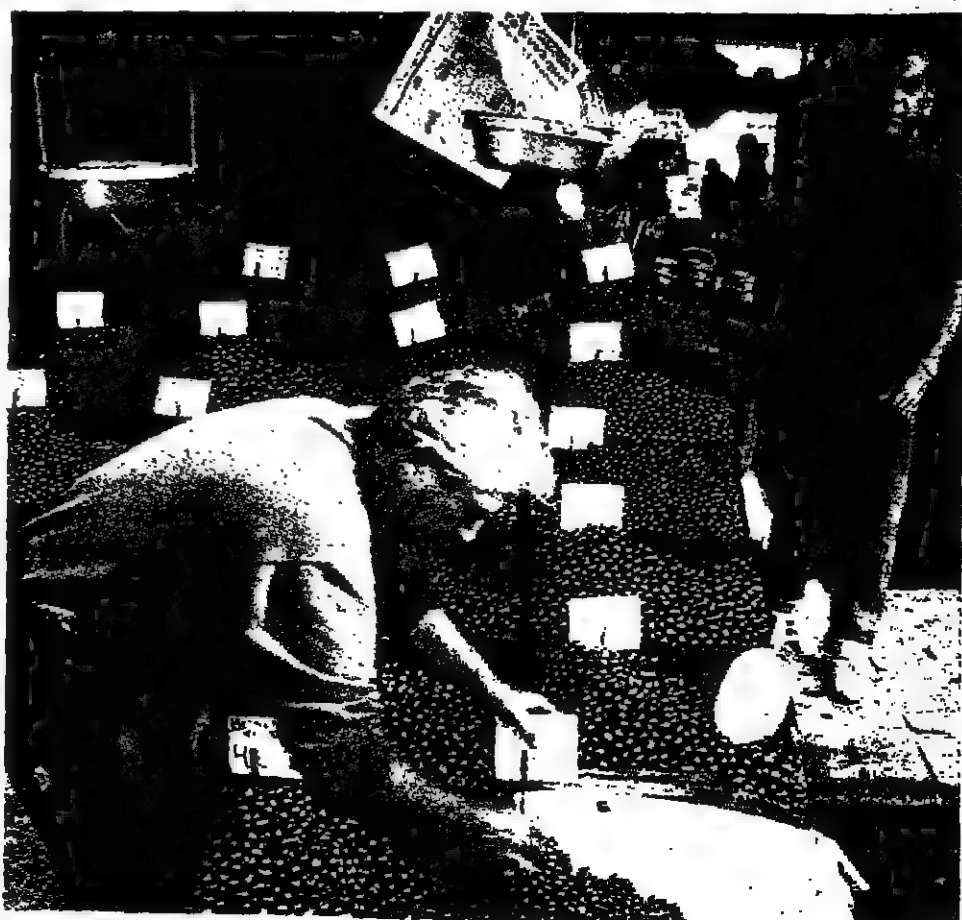
Good summer salads include *ghesvrida* (parsnips), a crunchy, slightly peppery plant which enlivens tomatoes and peppers in the post-lettuce time of the year.

In Crete my favourite for this food is Nikos Kapsalakis's Kapsalis taverna at Gournes - a secret I am willing to share with FT readers.

Takes the road to Mires and Phaistos out of Heraklion and after about 3km turn left up a barely marked road, which runs through the Malevris vineyards that produced the Malmsey wine Clarence was drowned in. It is the first taverna on the left on entering Gournes and in winter has an open fire.

Kapsalakis also serves liver and innards in an egg-lemon sauce, cheeses such as creamy *mizithra* in the spring and Crete's own hard cheese - *graviera* (the mature version is known as *kefalograviera*). Other specialties include *oulet* or *bulles* - I have never found out which plant they are from - and cheese-toast (*tyrosomni*). Kapsalis may also offer a large rusk (*dakos*) spread with tomato.

Scrambled eggs (*kazimaki*) are an unexpected treat. The meal should end with *mizithropites*, hot cakes of *mizithra* cheese in filo pastry dipped in honey and served with *raki*. Or



Selling olives at a market in Thessaloniki

choose prepared fresh fruit, again with *raki*. The price will be cheap by western standards. If you are visiting Knossos and it is hot, you might consider driving up the valley, where it is cooler, until a grand 19th century aqueduct stands before you.

Turn right immediately before the bridge over the ravine and park by the aqueduct to eat *mezedes* at O Chrelazomenos, which nestles against the aqueduct - reminding one of the trattorie on the Via Appia Antica outside

Rome. Or cross the bridge, and around the bend is another *taverna* which specialises in rabbit.

At lunchtime in a Greek town, I look for a place that produces dishes from the oven like *mousaka* and *gemista*, which means "stuffed things", such as tomatoes, peppers, courgettes and aubergines. All should have been freshly cooked that morning. If the place is full of businessmen and building workers, that is a good sign.

Gemista with a portion of

feta cheese *me ladi kai rigani* (with oil and oregano) makes a good lunch or, in winter, lentils (*fakes*) or bean soup (*fassolada*). In Heraklion one of these places is Antigoni on Leoforos Knosou near the Ayios Constantinos cemetery. Unexpectedly, it offers cake (*kaki*) for pudding.

A smarter restaurant in Heraklion with similar traditional food is Kyriakos (taxi will know), and the most chic restaurant in the middle of town is Lurlos. Bon appetit or, as the Greeks say, *kali orexi*.

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FOOD AND DRINK



Producers forge a strong identity

Nico Manassis has some up-to-date recommendations and advice for holidaymakers and wine drinkers this summer

New Greek wine-makers are responsible for a multitude of exciting wines that have helped change Greece's wine scene irrevocably, and given it a new dynamic identity.

From the north to the south, including the islands, visitors to Greece can enjoy a diversity of well made wines, some uniquely Greek in character, some more exotic in their taste.

THE NORTH
The industrial north is home to two of the largest wine producers in the country, J. Boutari & Son and Tsantalis, as well as a number of medium-sized and smaller producers.

Travelling east from the main seaport city of Thessaloniki, you can visit Ktima Gerovassiliou in Epanomi, Tsantalis at Agios Pavlos and Domaine Carras at Ptolemaida in Halkidiki. Boutari & Son is in Drama. An hour's drive north-west from Thessaloniki is Goumenissa where you can visit J. Boutari

& Son and Aidaris wineries. If heading west, be sure to stop at Naoussa for a visit to the production headquarters of J. Boutari & Son. To the south, in the foothills of Mount Olympus, visit Ktima Katsarou near the village of Krania. For directions and assistance on how to make the most of your visit to this region, and its other wineries, contact Macedonian Wine Routes, Sam-Spin, Mon-Fri, tel: 031-262313.

Recommended wines
1995 Ktima Gerovassiliou white and '98 red; 1995 Blanc de blancs white, 1995 Melissanthi white, 1995 Ktima Carras rose by Domaine Carras; Makedonikos white, Agioloritikos white, Rapsani red by Tsantalis; Erodis rose and four different kinds of single varietal tsipouro (grappa) by Boutari & Son; 1995 Anastasiadis white and '94 red, 1995 fume white by Ktima Kosta Lazaridi; 1994 Magiko Vouvo white, 1992 Chateau Vouvo white, 1992 Chateau Vouvo red by Chateau Vouvo; 1990 Naoussa Grande Reserve and a large selection of single vineyard and varietal wines by J. Boutari & Son; 1994 Goumenissa red by Aidaris; 1993 Ktima Katsarou red; 1993

Naoussa red by Markovitis Bros.
Thessaloniki, Greece's second largest city and a mecca for food, will impress you with its culinary variety and quality. Best wine bars/restaurants: Panselinos 031-860578, Oinanthi 031-271074, Stain 031-263196, Ta Nissa 031-263391. Best wine shops: Cava Canava 031-544042, Depots de Vins 031-419484, Vizantino Kelari 031-237732. All in the city centre.

ATTICA
Attica is home to Kourtakis, one of Greece's leading retinas and wine producers, as well as Strofilia Vineyards & Winery in Anavyssos off the seaside road to Scunio, and Semeli Winery, in the sleepy village of Stamata, north-east of Athens, where you can buy older vintages (01-631 8811), Chateau Matsa and many others. **Recommended wines**
1995 Kouras white and '96 Kouras red by Kourtakis; 1995 Strofilia white, 1995 Semeli white, rose and 1993 Chateau Semeli red; 1995 Chateau Matsa Vieilles Vignes, 1995 Laoutari

both white by Chateau Matsa. Athens, with all its contrasts, pleasantly surprises, especially in August, when its inhabitants desert the centre en masse. **Best wine bars**
L'Enoteca 01-613 8861, Oinopoeia 01-655 0666. **Restaurants with good wine lists and excellent food:**
Varoulko 01-411 2043, Aspasio 01-883 9093, Spondi 01-726 4021. **Best wine shops**
Cellier 01-360 7451 (chain of five), Oino-pnevmata 01-361 2644 in Kolonaki, Cava Vinifera 01-507 7709 in the fashionable residential northern suburb Kifissia.

PELOPONNESOS
Peloponnesos offers the perfect marriage between the ancient and the present. If you arrive by ferry at Patra and drive down to Olympia, birthplace of the Olympic Games, Ktima Mercuri near Pyrgos is a must (0821-41601). If you are driving towards Athens, a short detour off the Patra-Athens national road, to Oenoforos (0691-29415) in Ano Ziria overlooking the Gulf of

Wine regions of Greece



The wine in Greece is planted on some 185,000 hectares, 87,000 hectares of which (47 per cent) are planted with indigenous varieties. Many are disappearing, although some efforts have been made by forward-looking vintners to protect them.

Corinth, will be rewarded both vinously and visually. Should you choose to travel to southern Peloponnesos, there is plenty to taste, see and enjoy. Try Ktima Papeiannou (0746-23138) in ancient Nemea, near Mycenae and Epidaurus. Skouras Winery (0751-23888) is near Argos and picturesque Nauplio (Greece's first capital after its independence in 1821). Enjoy fresh fish at Likos (0751-47225) or local gastronomic delicacies at Spilla (0751-62300) or shop at Naiplo's best wine shop, Cava Karonis (0752-24446). Further south, in the heart of Mantinia, visit Ktima Spyropoulou (01-234 5562) and Tselepos Vineyards (01-903 0319) and taste the grapey Moschofilero wines. **Recommended wines**
1995 Polio white, 1994 Ktima Mercuri red by Ktima Mercuri; 1995 Asprouliti, 1995 Orlos Oinos, both white, 1995 Esperitis rose by Oenoforos; 1993 Ktima Papeiannou red by Ktima Papeiannou; Cambello white, rose, red, 1993 Agioloritikos Nemea red by Skouras Winery, 1995 Orino,

1995 Ktima Spyropoulou both white by Ktima Spyropoulou, 1995 Mantinia white, 1992 Ktima Tselepos red by Tselepos Vineyards Adoli Ghis, 1995 Antonopoulos both white, 1994 Idiotiki Sylogi red by Antonopoulos Vineyards.

OTHER REGIONS
Recommended wines
From Zitsa, Epirus 1995 Still dry, Zitsa sparkling medium dry both white by Zitsa Coop. From Attalante, Fthiotida 1995 Ampelon white by Ktima Hatzimichail. From Karystos, Evia Myrtiros white, 1981 Ktima Montofoli dessert by Pavois Karakostas.

THE ISLANDS
In the Cyclades, the volcanic island of Santorini (a 45-minute flight from Athens) will capture your imagination. Guided tours to the J. Boutari & Son winery (0266-81011) will enlighten you about the history of the island and its wine fortunes.

Dine at Domata (0266-32089), the restaurant of highly regarded Santorini chef Karamelos. Best restaurants on cosmopolitan Mykonos are Caltrine's (0269-32189) and El Greco (0269-22074). The island's best wine shop is Satyros (0269-251390).

Recommended wines
1995 Santorini, 1994 Kallisti fume both white, 1991 Visanto dessert by J. Boutari & Son; 1995 Thalasitis white by Gea; 1995 Ktima Argyrou Santorini white and the exceptional 1978 Visanto Ktima Argyrou dessert by Canava Argyrou; 1995 Santorini Oia, 1994 Santorini Oia cask-aged,

both white by Sigalas. **Recommended wines from Rhodes**
Villare white and Grand Rose by Emery. **Recommended wines from Samos**
Samos Grand Cru, Samos Anthemis, Samos Nectar all white by Samos Coop. **Recommended wines from Crete**
1995 Vin de Crete, white, rose and red by Kourakis; 1995 Minotokos Peza white and red by Minos Cretan Wines. **Recommended wines from Cephalonia**
1991 Gentilini, 1993 Gentilini fume both white by Nicholas S. Cosmetatos.

Corfu
The island's best locally made wine is Halikouna by S. Livadiotis. The island's "in" place is the Pelekas Country Club (0661-32238). Best wine shop on the island, in the old town, Thimais Wine Cellars and Cava Nestos.

Most of the wines mentioned in this article can be found throughout Greece. **Nico Manassis, who lives in Geneva, is the author of The Greek Wine Guide published by Olive Press. Fax no: +41 22 739 0186 or in the US 1-800-Cosmos-2.** **The following winners are represented in the UK: Boutari by Waverley Vintners 01793-628621; Domaine Carras by Percy Fox & Co 0171-208 2500; Nicholas S. Cosmetatos by Marinos & Co 0171-267 3372; Kourtakis by Kourtakis Wines 01784-712629; Ktima Mercuri by Berkman Wine Cellars 0171-509 4711; Tsantalis by Venus 0181-801 0011.**

Family food with an ancient history

Rena Salaman recalls some of the Greek dishes she enjoyed as a child



An Athens fish restaurant owner displays his wares: fish has been an important feature of Greek life since ancient times

Tony Kirk

So Odysseus recounts his troubled journey to Alcinoos, King of the Phaeacians. We can see in this story - and many others like it in the *Odyssey* - how the producers of modern Greek food had a reputation for cooking meat. Was this the first soup?

Meat is heroic food in most cultures - food for exhausted warriors and food which Homer, with a little poetic licence, feels right for his dramatic epic.

Think of the ghouliah details of the Cyclops tearing apart Odysseus's men, two at a time: "limb by limb he tore them to pieces... which he devoured like a mountain lion, never pausing till entrails and flesh, marrow and bones, were all consumed..."

The reality, of course, is different. Normal everyday fare for Greeks is seasonal and based primarily on vegetables, (as Gerald Cadogan's article on the opposite page shows). There is a bewildering variety of greens, pulses, olive oil, olives and bread. Every neighbourhood has a lively street market at least once a week.

When we lived in Greece we did have meat, but on Sundays. And even then it was often minced in dishes such as *souvlakia* (kebab-scented meat

rissoles in tomato sauce) or *gemista*, the colourful stuffed assembly of vegetables which was paraded early in the morning to the local baker to be cooked after the bread came out.

Traditionally, Greeks ate grilled or roasted meat when they went for a celebration. Meat on those rare occasions constituted a status symbol. The more you ordered, the more impressed the audience.

I remember as a child in the early 1950s, going hand in hand with my parents to Dorou Street in Athens, near Omnia Square. The street resembled a sacrificial temple as it was lined with restaurants totally devoted to grilling and roasting whole lambs, sucking pigs and delicacies such as *kokoretsi* and *gardounia* - both made with lamb offal and grilled slowly on rotating spits. This always reminded me of

the scene where Odysseus's men slaughter the sun god's sacred cattle. "When the thighs were burnt up and they had tested the inner parts [was this *kokoretsi*?], they carved the rest into small pieces and spitted them on skewers."

Just walking down the street through the roasting clouds, watching the glossy contours of the various meats sizzling, and inhaling their aromas which provoked a wonderful

sensual feeling. I would savour every morsel of *kokoretsi*, slowly turning it in my mouth, trying to prolong the taste. Afterwards, I would lick my fingers while my parents finished their glasses of beer. Both Odysseus and Homer would have approved.

At home it was a different story. Back to the *fassoulada* - bean or lentil soup served with appetising rings of crispy fried squid or anchovies (*garos*), or

occasionally *keftedes* - fried meat balls replete with the aromas of oregano and fresh mint. And always fresh, crusty bread, various types of olives and salads or plates of peppery rocket and radishes.

I loved the spring best, not only because our garden would fill with roses but also because it brought us vegetables which changed the nature of our daily meals completely. Many of our vegetable dishes were combined with statuesque bunches of fresh dill, velvety dark green olive oil and lemon juice in unusual casseroles. This was a feast which Odysseus might even have exchanged for Ithaca. Sundays in the spring would often mean the same vegetables cooked with lamb in a casserole with an enriched sauce.

At least once a week, the wandering fishmonger carrying a flat cane tray on his head would be beckoned to our door. Then we would have delicious pilafs made with squid, mussels, lustrous ink-coated cuttlefish or *solmes* (razor clams), or simply a baked *plaki* of anchovies, sweetened with tomatoes and laced with garlic and olive oil.

Fish has been an important feature of Greek life since ancient times. It was small dishes of fish, sea urchins and shellfish, including oysters, which were served at attic symposia, and not meat.

Greek cooking may seem simple but it does not stint on

lavishness, labour and imagination. It is also a cuisine at least 2,000 years old and some dishes, such as *doimades* (stuffed vine leaves), can be traced back to classical times. Called *stiria* in 5th century BC Athens, these were originally stuffed young fig leaves. Aristophanes's *Knights*, *Frogs* and *Acharnians* all mention *stiria* with three different kinds of stuffing. They are delectable made in early summer with young vine leaves and a generous amount of olive oil.

Greece is a small country but fortunate in its primary ingredients. Surrounded by sea, it has an enormous variety of fish and seafood as well as an abundant supply of vegetables and fruit.

There are also some excel-

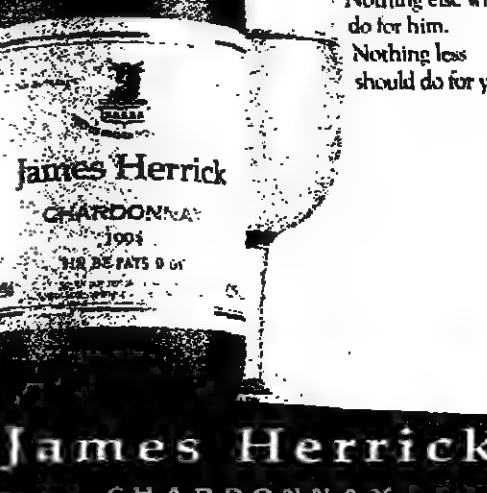
lent wines. Some of my favourites are Hatzimichail's white and rose, the light and fruity white *Nikietri* made with Assyrtika grapes by Roussos from the island of Santorini, and the red *Katogi* from Metsovo.

But the most important ingredient, and the one that gives Greek food its character, is olive oil. It is also now known to be beneficial to health. Greek olive oil from the Peloponnesos, Lesbos, Crete or Corfu is particularly delicious and among the best in the Mediterranean. A simple tomato salad comes to life once I have dressed it with my favourite extra virgin olive oil from Mani in Peloponnesos.

This is the nature of real Greek food. **Rena Salaman is the author of Greek Food (HarperCollins, £20) and a number of articles and books on the country's cuisine. Her latest book, Healthy Mediterranean Cooking, will be published by Francis Lincoln (£20) in October.**

If Chardonnay is all you make, you get it right. Or else.

Such is the competition among Chardonnays, you need dedication to stand out. James Herrick spent 22 years studying the grape, from Champagne to the Barossa. Then he brought back the technical skills learned in the New World and blended them with Old World savoir-faire in the South of France. He planted Chardonnay and nothing but. He makes his own wine using his own grapes, and no other. And each vintage he produces a classic: elegant, powerful, long-finishing. Nothing else will do for him. Nothing less should do for you.



AVAILABLE COUNTRY WINE FROM ASIA, HERRICK WINE, COX FURNES & LEITH, DAVISON'S, E.H. BOUTH, ELDRIDGE POPE, ERMINGHAM, FULLER'S, HALL RATION, COBBINS, RUSSELL CELLARS, SAUNDERS & CO, SHERFIELD SPARK, TESCO, THIN'S, FEATINGS, TOWN'S, VICTORIA WINE, WINE CELLAR.

If there is one thing I love above all others in Greek cooking it is *avgolemono*, that magical combination of egg and lemon that can range from egg rich with a zesty edge to it, through smooth and creamy yet refreshing, to sharply acid, depending on the ratio of egg to lemon used, writes Philippa Davenport.

The consistency can vary as much as the taste, from almost as thin as a broth, to a delicate coating sauce. What is more, *avgolemono* works equally well served hot or cold. How is that for versatility?

My first *avgolemono* was served to sauce an exquisite dish of broad beans.

The sauce was based on the intensely beany-flavoured cooking liquor, lightly salted and infused with strips of dill to add an extra dimension. It was finished by beating in the egg and lemon liaison and re-warmed carefully until gently thickened. Served with the beans on a bed of steamed rice and scattered with chopped green dill, it taught me that low-fat, meatless meals

can occasionally prove a real treat.

I have never eaten fish with an *avgolemono* sauce, but a thin *avgolemono* soup made with rich fish stock is excellent (and especially refreshing served chilled on a hot evening). Best loved of all is chicken *avgolemono* soup, a dish that endears itself to cooks all over the world, not least because it can be made with minimum effort the day after serving poached chicken, to use up the fragrant broth and scraps of meat from the carcass.

My anglicised version is more substantial than most. I find it soothing served for lunch, either hot or tepid when summer plays fair.

CHICKEN AVGOLEMONO SOUP WITH COS LETTUCE (serves four)
1 litre rich chicken stock; 150g cooked, boned and

skinned chicken meat, cut or torn into quills; 50g shredded cos lettuce; 30g basmati rice; a small bunch of dill, chopped; two lemons; two eggs.

Wash the rice under a cold running tap until the water runs clear. Bring the stock to the boil, stir in the rice and boil for three to four minutes. Then cover the pan and simmer very gently for two to three minutes more or until the rice is almost done to your liking.

While the rice cooks, beat the eggs in a cup with three tablespoons of lemon juice. Strain through a fine sieve to extract the gelatinous threads from the whites, and season lightly with salt and pepper.

Add the chicken meat, cos and a green shower of chopped dill to the soup pan. Bring the contents quickly to a rolling boil and immediately draw the pan away from the heat.

Add a few spoonfuls of the hot broth to the egg and lemon mixture, stirring vigorously as you add them. Then pour the egg and lemon mixture into the soup pan, stirring all the while.

Return the pan to a very low heat and continue stirring for, say, two minutes until the soup is delicately thickened. Finally, cover the pan and set it to one side for three to four minutes before seasoning with extra salt, pepper, lemon and/or dill to taste.

□ □ □

Soutzoukakia is a dish of minced meat and bread which probably originated from the Greeks who came from Asia Minor after the catastrophic war with Turkey in 1922, writes Rena Salaman. The more bread in the mixture the further it will stretch.

My grandmother could have fed Xenophon's army of 10,000. It is a practical dish as it can be cooked in advance and reheated as needed. They are absolutely delicious.

SOUTZOUKAKIA (serves six)

750g minced lamb; 2-3 crustless, medium slices of bread, soaked in water for 10 minutes; 1 egg; 3 cloves of garlic, peeled and crushed; 1tbs ground cumin; salt and freshly ground black pepper; 4tbs plain flour for coating; 3tbs sunflower oil for frying. The sauce: 3tbs olive oil; 400g tin of chopped tomatoes; 1tbs tomato purée diluted in 150ml hot water; 1tbs oregano; 10-12 green olives (optional).

Squeeze the bread dry and place it with all the ingredients apart from flour and sunflower oil, in a large bowl. Mix them - and there is nothing

more efficient than your fingers - until well blended and silky. Take a small handful, the size of a large walnut, shape it into a short and slim sausage-shape and set aside. Continue until all the mixture has been finished. Roll them lightly in flour and shake to get rid of any excess.

Heat the vegetable oil gently in a large non-stick frying pan and fry them, turning them round as they become golden. Lift them out with a fork once brown all round and discard the oil. Their aroma is very seductive at this stage and, of course, they can be eaten hot there and then. But you can make a larger meal if you then cook them in the tomato sauce.

Heat the olive oil in a sauté pan or wide-based saucepan, add the tomatoes and stir with a wooden spatula for a few minutes. Add the remaining ingredients and the *soutzoukakia*. Roll them to coat in the sauce, cover and cook gently for 30-40 minutes, occasionally shaking the pan gently.

These can be served with mashed potatoes, plain boiled rice, French fries or pasta.

BOOKS

Naughty Lola, monster of pretension

She was a spectacularly tiresome woman whose life was lit by the blaze of notoriety, shudders Clement Crisp

In her Berlin days, Marlene Dietrich sang "They call me naughty Lola", but whatever that Lola's naughtiness, they are the merest, lightest of sins when compared with the activities of Lola Montez, all of which are revealed, and for the first time, in Bruce Seymour's biography.

Lola Montez was a spectacularly tiresome woman, a monster of pretension, lies, rampant sexuality and hubbub. She was none of the things she said she was - Spanish; a dancer; an aristocrat - and she trailed behind her a ghastly reputation and a comprehensive selection of disasters, from a duelling death to Bavarian revolution, by way of bigamy, bawling in three continents, horse-whips, and chronic improvidence.

For the late romantic era - her dates are 1820-1881 - she represented an unashamed,

flamboyant sexual independence, lit by the bright blaze of notoriety. She was born - illegitimate - Eliza Gilbert, in Limerick, became Lola Montez as an escape from impending and scandalous divorce, was created Countess of Landfeld by King Ludwig of Bavaria (dead in his sixties, and besotted), and died in an unlikely cloud of sanctity, in New York.

Her story has been told many times, always inaccurately, not least by Lola Montez herself, whose concern for truth was about as considerable as her concern for her victims. She echoes down the years as the arch-adventress of the 19th century, and her highly dubious charms - what she lacked in beauty she made up for in push and flaring temperament, and what seems an irresistible will - were merchandised by herself, by hapless admirers and by unscrupulous managers, with maximum

publicity and minimum veracity.

Bruce Seymour, an American, became fascinated by Lola's story. It seems somehow appropriate that his success in a television quiz-show should have brought him a cash prize so considerable that he was able to devote four years to the sort of scrupulous research into the baggage's life and loves which had never before been undertaken. The Bavarian State Archives revealed a mass of unknown correspondence and reports which made plain Lola's disgraceful role in bringing about the abdication of King Ludwig (whom she duped every hour on the hour). Newspaper records in Austria and California, and elsewhere, have been painstakingly culled to make clear much about her ludicrous theatrical ventures. (She started out as the least convincing of Spanish dancers, and then

became an actress, appearing not only in what must have been the most opportunist of dramas, *Lola Montez in Bavaria*, but also setting the groundlings in a roar as Lady Teazle - a performance it might well have been worth watching.)

LOLA MONTEZ: A LIFE
by Bruce Seymour
Yale University Press £20, 468 pages

Seymour has, splendidly, found all the facts, which are probably more than we need to know, since the story repeats itself from lover to lover, city to city, brawl to brawl, flight to flight. And there they are, the lovers, victims, enemies ("Jasch") seems to have been her dismissive term for anyone not immediately her slave) and pretenders to her hand in marriage. They range from Liszt

(on to whom she latched with remarkable skill) and King Ludwig, to the wealthy young Mr Heald whom she "married", to the tragic Dujarier, whose body she received when he had been shot in a duel, and Frank Pollard, her leading man and lover, who fell overboard on the way back from her Australian tour as an actress.

She lived surrounded by soundbites, fools, and men gulled by her vivacity and her lively tongue. That she had some ferocious allure is plain, but the picture we gain is of a woman wholly detestable and, ultimately, wholly unsympathetic. Few facts in Seymour's narrative indicate any redeeming quality - I do not count her love of animals as anything but an added horror - and the strongest impression is of a seriously psychotic personality. (The late photographs, taken in New York, show no vestige of beauty, but an oddity

disturbed presence can be sensed.)

Truth was her truth. Adulation was her food, and she demonstrated the awful arrogance of an arriviste who has, temporarily, arrived. Whether raging like a temerarious at her lovers, screaming at an audience of unappreciative miners - "Give me your trousers and take my skirts, you're not fit to be called men!" - or lecturing to American audiences on "Secrets of a Lady's Toilet", she remains a monument of shame.

Seymour admits that he may be thought Lola Montez' final victim, so great a labour of devotion was the book, but the final justification of this biography is that it is, please Heaven, the last word on the creature. The inaccurate inscription on her New York grave is echoed by time, but Seymour's work is the true memorial to her life.



Lola Montez: her highly dubious charms were merchandised by herself with maximum publicity and minimum veracity

A liberal scholar before his time

Malcolm Rutherford admires a life of the poet Matthew Arnold

Matthew Arnold was the model of a liberal English intellectual: poet, scholar, Europhile and with a social conscience to boot. He thought that one of the failings of the English was a lack of intelligence: an inability to realise that other Europeans did some things better.

There was another side to him. At Oxford he was a bit of a dandy, generally known as Matt. He played games, rode to hounds, wine and dined and did less than the minimum four hours work a day expected of him by his friend and fellow poet, Arthur Hugh Clough.

Matthew's father, Tom, must have been embarrassed by such reports. For it was Tom Arnold who, at Rugby, founded the tradition of the English public school: hard work and fear of God. Although he attended Rugby and briefly taught there, Matthew sent his own sons elsewhere. He preferred a more relaxed approach, but was perhaps just as much an influence on English education as his father.

Matthew spent almost his entire working life as an inspector of state schools, which involved making comparisons between education in England and on the continent. Nicholas Murray's biography, the first for many years, contains some new information. For example, I had not previously realised that parts of *Dover Beach*, still one of the best known poems in the English language, were written by Arnold while on honeymoon - in Dover.

There is fresh light, too, on another poet with whom the Arnold family used to play whist. He was William Wordsworth, not usually thought of as a card player.

Apart from living under the shadow of a famous father, however, it emerges very clearly from this book that Matthew's main problem was that he never had quite enough money to live the life that he might have liked. He reacted

not by doing anything rash, but by taking a job and sticking to it. Without the promise of a steady income, he was told by his future father-in-law, he could not possibly expect to marry the daughter of a judge.

As an inspector of schools around the country, he was greatly respected. Staff and pupils looked forward to his visits, though his proposal that state schools should be funded according to their performance was ahead of its time - more for the 1980s than the 1880s.

In his life time he was regarded as one of the great poets of the Victorian age - perhaps second only to Tennyson.

A LIFE OF MATTHEW ARNOLD
by Nicholas Murray
Hodder & Stoughton £20, 400 pages

son, whom Arnold always disparaged. Yet gradually he gave up poetry for prose: mainly social and literary criticism.

It was a great pity, as Murray observes, that he always turned down invitations to write a book on Shakespeare. His insights would have been at least as penetrating as anyone else's. Just possibly he felt a little humble, as well as too busy.

Arnold's most famous book was, and remains, *Culture and Anarchy*, in which he divides society into Barbarians, Philistines and the Populace. The Barbarians were the aristocrats who could be good, bad or indifferent, but were important because they could set standards. The Philistines were the middle classes, who were on the whole anti-culture and opposed to an open liberal view of what happened around them. The Populace were the rest.

If that sounds elitist, read the book again to see the underlying humanity. Murray notes that the Labour MP, Roy Hattersley, has said recently that three people who helped to define his view of socialism. Matthew Arnold was one of them. The others were R.H. Tawney and Anthony Crosland: a surprising but under-



standable trinity. Arnold was particularly critical of the philistinism of his day, notably *The Times* and the *Daily Telegraph*. Yet one cannot help thinking that he would have been a brilliant editor.

It was Disraeli who said of him that he was the "only living Englishman who had become a classic in his own

time". What Disraeli meant was Arnold's talent for coining phrases like "sweetness and light" - the best that has been thought and said - or indeed some of the lines from *Dover Beach*.

Still, he was always ripe for parody. He was excessively proud of being elected to the Athenaeum, the London club to which he repaired for dinner

after inspecting schools in the East End.

One of the satirists of the time wrote that Arnold's real message was "we the cultured - we indeed see. But the world at large does not".

Murray's book is straight and detached to the point of being at times slightly pedestrian but it is still a very good biography of a great man.

times prey to cliché and terror. A woman who picks Patrick up in a bar has a "shock of vivid red hair" and her eyes are "animated with a quick and predatory curiosity". An old slave-farm diary that falls into Patrick's hands at Yale represents "a remarkable slice of history". At one point, extracts from this diary seem in danger of taking over the novel, but the danger recedes, as do so many things in *The Last of the Savages*.

It is certainly not a bad novel. McInerney handles dialogue almost as well as Truman Capote, which is saying a lot. And his humour has not gone away.

All it really lacks is shape and focus. You would see the same result if an Olympic-class rifleman set out for Atlanta with only a shotgun. The score would be low, the gallery unimpressed. But he would still be a rifleman.

Fiction/Michael Thompson-Noel

Story out of focus

There are two things "wrong" with Jay McInerney's new novel. Though neither is fatal, they are sufficiently in evidence for *The Last of the Savages* to be seen as a fall from grace for the still youngish and hitherto fashionable New York novelist whose previous works - especially *Bright Lights, Big City* and *Story of My Life* - were invariably described as hip, chic, humorous and sophisticated.

First, McInerney's new novel is not primarily set in New York or in any similar trendy urban environment. In this abandoning his roots, McInerney has gambled, and few will be convinced of the merits of the outcome.

Second, because of over-ambitiousness, *The Last of the Savages* is strangely ungratifying for someone of McInerney's skills and resourcefulness.

It tells of the friendship of Will Savage, from an affluent Mississippi delta family, and Patrick Keane, a self-effacing Irish-Catholic from a dreary New England mill town, who are first thrown together as juniors at prep school in 1967 and who stay in touch, often from long distance, as their careers and lives diverge. But it is not really a buddy novel.

Will is heavily into soul music - "the purist art this damn country has produced, man... like the distilled essence of suffering and the yearning to be free", as he tells Patrick within minutes of first meeting him. In time, Will

becomes a music promoter and an underground legend, but the novel is only episodically about the American music business.

Will marries a beautiful

THE LAST OF THE SAVAGES
by Jay McInerney
Bloomsbury £14.99, 271 pages

black singer, Tatesha, whom McInerney describes, early on, with unusual laziness, as "a striking creature, tall and lithe and feline".

But, extremely disappointingly, *The Last of the Savages*

is not a story about inter-racial love and sexual attraction, even though such a subject, which is largely neglected in comparison with inter-racial hate and conflict, would have been challenging and compulsive.

As time wears on it is Patrick, as narrator, who moves to centre stage and takes over the novel. There is nothing wrong with that, except that it happens too slowly, almost by accident, and Patrick's obvious bisexuality, which ought to have been central to his friendship with Will, is handled too reticently to be of much service.

Finally, the writing is some-

A quiet place to know something

Bill Readings, a 34-year-old lecturer at Montreal University, died in a plane crash two years ago. He was then making the final revisions to this book - which, amongst other things, ironically deplores academics who become part of the "frequent fliers" set.

The ruin of a young man's life places poignancy upon his solicitude for the ruin of an institution. His posthumous message, as far as it can be distilled, is that universities have collapsed with respect to their original ideals.

Once bastions of culture, they have surrendered to the siege of accountants, managers, and time-and-motion analysts, to become soulless players in the global economy. Students check out these players using league tables, searching for a place that will guarantee them three or four years of solid self-accreditation. Vice-chancellors act like corporate bosses, hiring, firing, down-sizing and head-hunting. "Excellence" is both buzz-word and criterion for success: actually, it is as mysterious to most university participants as the meaning of the Latin tag on their letterheads.

According to the analysis here, most modern universities were founded along the lines of the German model as instituted at Berlin by Humboldt in the early 19th century. This enshrined the ideal of indirect national utility in higher education. Universities were places where citizens could be trained to think. State investment could be justified on the grounds that these institutions acted as cultural centres of gravity for a nation. But what

happens when the global economy dictates beyond national interest? And what happens when the received canons of "culture" in this or that country are no longer canonical?

"From the ivory tower the watchword is silence": in 1988 students clashed against capitalism, and now most universities run courses in management studies. The image of craven quietism and picturesque decay presented here will attract sympathy from academics afflicted by current professional pains. Derisory pay; intolerable demands to teach, research, and administer all at the same time; stu-

THE UNIVERSITY IN RUINS
by Bill Readings
Harvard University Press £18.95, 238 pages

dents who cannot be filled, for fear of litigation.

But these, though current, are by no means new afflictions. The phrase used in this book to describe the modern nature of the university, "techno-bureaucratic", is very close to the phrase "technologico-Benthamite", used by F.R. Leavis to castigate the Robbins Report and the expansion of British universities during the 1960s. Leavis professed English literature; Readings taught comparative literature: they may both be seen as simply fighting their own corners here. The truth is that it is those dons who despise science and technology who are really betraying the original ideals of the university (which belong with Plato and Aristotle, not Humboldt).

As the author points out, a

founding feature of the university is that it hosts critique: as the university can hardly be "in ruins" while he (and many others) are debating these issues. His own contribution, however, is too rambling to convince. In the case of a book where the author has not seen final proof, one must refrain from harping about minor solecisms. But there is no excuse for impenetrable language: "Performativity", "deferentialization", and so on - these scholastic neologisms contribute to a fog of theorising which is not so much an analysis of what is wrong with modern academia as a symptom of it. (For a more elegant exposition of the same issues, see David Damrosch's *We Scholars*, also published by Harvard.)

"There will be no more Lionel Trillings", predicts Readings, with more satisfaction than gloom, since he believes that intellectual celebrities bring harm rather than benefit to the scholarly community. But it was Trilling who yearned for a "quiet place... where one would know something - in what year the Parthenon was begun, the order of battle at Trafalgar, how Linear B was deciphered: almost anything that has nothing to do with the talkative and attitudinising present". The notion of a liberal education is fragile, but it has always been fragile, a delicate luxury, in lecture-rooms and laboratories around the world. Trilling's quiet places are still afforded by the institution of the university. Far from being ruined, this institution is stronger today than it has ever been in its entire history.

Nigel Spivey

The ambiguous nature of twinship

Sitting down and doubling up are among the most pervasive of forces. People and animals would never have evolved without cell division and multiplication. The binary arithmetic of computers increasingly governs modern life.

Penelope Farmer's book is about twins. Moved by her twin sister's death, she has assembled a collection of writings by 260 authors, from William Shakespeare to Eric Cantona, about the nature of twinship, linked up by her own narrative. The result is an absorbing, and only occasionally self-indulgent, examination of doubles which explores the ambiguities of the subject as much as the certainties.

The birth of twins has always been regarded as strange. Some ancient peoples, in a practice that unhappily still happens in some parts of the world, insisted the process was the work of the devil and put one or both infants to death. In life, twins often provoke not just curiosity but fear. When the gangster Kray twins were ruling the East End underworld, observers commented on their telepathy and uncanny similarity "which produced an effect that was literally

ally double that of a normal individual".

The oddness of twins introduces a number of difficulties, both for them and for people dealing with them. According to one contributor, twins "unleash a flood of associations, each of which triggers its converse. [They] introduce a vertigo of the self: they are indisputably two, inescapably

TWO
by Penelope Farmer
Virago £20, 482 pages

one, both and neither at once". Farmer skilfully includes discussion on the innate divisions within people generally, an area that takes us into psychoanalysis. Carl Jung talks of "meeting one's own shadow", a journey "full of unprecedented uncertainty with apparently no inside and no outside, no above and no below, no mine and no thine, no good and no bad".

Shadows, and darkness, cast their pall over this book, which convey the sense of introspection and loss which Farmer must have felt when writing it. There is a section about "separation and death", and hatred between twins, and the book is peppered about with freak twins through the ages.

One turns for relief to the section on the "useful" aspects. This turns out to be about ways the Nazis used twins in genetic experiments. It contains cheery information about twins' susceptibility to tuberculosis and diabetes. About the best anyone has to say about twins generally is that they are a natural experiment which "permits us to distinguish between the influences of heredity and environment".

The book is not a jolly read. However, the insights make it worthwhile. Farmer's central thesis is that twinship is in us all: sadness easily turns to joy, hate to love. As another contributor puts it, "each demon is countered by an angel". Paradox is everywhere; understanding it makes life worth living.

Peter Marsh

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Vengeful queen of the dacoits

Joan Smith on the uneasy story of India's most celebrated outlaw

The autobiography of Phoolan Devi, the girl from Uttar Pradesh who became the leader of a band of dacoits, opens with a scene from her marriage. Phoolan has been locked in a cowshed by her new father-in-law, after threatening to run away. She is 11-years-old and unable to understand the nature of the "game" which her husband, a widower three times her age, is offering to teach her.

The problem with this opening is that it depends for its effect, like certain forms of pornography, on a combination of the child's soon-to-be-shattered ignorance and the readers' adult realisation of what the "game" will turn out to be. If this is Phoolan Devi's own story, told to counter the lurid myths that have grown up about her, why begin with a vignette whose themes are violated innocence and the threat of sexual violence?

The answer is that this is not an autobiography in the usual sense; Phoolan Devi is illiterate and the book has been put together by two writers, Marie-Thérèse Cuny and Paul Rambali, using a 2,000-page transcript of Phoolan Devi's tape-recorded account of her own life.

The events they describe are a dramatic and frequently sickening account of how a low-caste girl was married off by her poverty-stricken parents, who were unable to protect her when her husband broke his promise not to impose a sexual relationship on her until she reached maturity.

Shunned in her native village when she finally ran away from him, Phoolan Devi found herself treated as something less than a prostitute; constantly vulnerable to ambush by men who had heard that

she was sexually available to all, she was eventually kidnapped by a gang of dacoits and entered a second "marriage" with one of its leaders, Vickram Mallah.

This bizarre turn of events was quickly followed by another disaster. Vickram Mallah was murdered by a rival bandit chief, his one-time mentor, and without Mallah's protection Phoolan Devi was gang-raped by his rival's henchmen. After this terrible experience,

I. PHOOLAN DEVI: THE AUTOBIOGRAPHY OF INDIA'S BANDIT QUEEN

Phoolan Devi with Marie-Thérèse Cuny and Paul Rambali

Little, Brown £18.99, 472 pages

once again displaying the resilience which is obviously a cornerstone of her character, she formed her own gang of dacoits and went on a three-year rampage which turned her into India's most celebrated outlaw.

Finally, with her gang dwindling in numbers and continual harassment from the police, Phoolan Devi negotiated her surrender with the Indian authorities. Although she was never tried for her activities as a dacoit, she remained in prison for 11 years, emerging to find herself the focus of intense interest from journalists and production companies, one of whom made a film - which Phoolan Devi reportedly did not like - based on her experiences.

This book is intended to put the record straight and comes with Phoolan Devi's endorsement: "Too many lies have been told about my life. I cannot read or write, so others have chosen to do so for me. This book is made up of my



Phoolan Devi: her remarkable story would have been better served by a scrupulous biographer

words - my truth about myself". It is a testament, she believes, of courage and of hope, especially for other low-caste women. "I was born an underdog", she says "but I became a queen".

This quote alone is sufficient to illustrate the problem with the book, which is that it gradually turns into another species of myth-making. The early chapters, in which Phoolan Devi describes growing up among people constantly open to exploitation by their richer and more powerful neighbours, are vivid and moving. They are also infused with a surprising degree of political and even feminist consciousness: "I was

discovering place by painful piece how my world was put together: the power of man, the power of privileged castes, the power of might. I didn't think of what I was doing as rebellion; it was the only means I had of getting justice."

Later, when her career as a dacoit was at its height, Phoolan Devi describes how she put this philosophy into practice. Rampaging into villages with her armed followers, she hunted down men against whom she had a grudge - or total strangers, who were alleged to have committed rape - and battered their genitals with the butt of her rifle. "I laughed to see them leap like

castrated horses and fall at my feet and cry like women, begging and pleading for mercy".

Elsewhere, she boasts of cutting off hands and feet. "It was my vengeance", she insists, "and the vengeance of all women". This makes uncomfortable reading and it also raises the question of objectivity. How much of this highly coloured account is true, how much a revenge fantasy? It is impossible to know because I. Phoolan Devi is, in the end, not so much genuine autobiography as an uneasy compromise. Her cause, and her remarkable story, would have been better served by a sympathetic but scrupulous biographer.

Rereadings/Don Cupitt

Matters eternal

In 1978 my life was changed by an experimental rereading of Kierkegaard's *Purity of Heart*, but whether the change was a significant advance or a disastrous fall I don't know, and you must judge.

During the years of his most intense productivity in the 1840s, Kierkegaard, in addition to his steady stream of "aesthetic" works written under various pseudonyms, also wrote some 20 "edifying discourses" under his own name. These are unpeached sermons addressed to "the solitary individual" who is advised to read them slowly aloud to himself. The texts are designed to prompt the reader into becoming an individual self before God.

Purity of Heart, an exercise in Lenten self-examination, was published in 1847. The date indicates why Kierkegaard remains so very important to someone like me. He was the last traditional western Christian thinker and writer of the very highest rank, and he was also a member of the first modern generation, the first generation of people who could read at their breakfast table a newspaper printed the previous evening on a steam press in the capital city, and distributed around the kingdom by steam train during the night. The 1840s was the decade of the masses and of revolutionary atheistic humanism, and Kierkegaard is setting out to oppose it by holding out for the unconditional primacy of individual selfhood before God.

After the second world war Kierkegaard's concerns suddenly seemed relevant, even in the English-speaking world. Translations appeared, and were widely read. My American paperback of *Purity of Heart* is *Will One Thing* is dated 1966, and I well remember reading it as a devotional work in my student days.

Like everyone else at that time, I took Kierkegaard to be an orthodox western Christian - the last and the best, the one from whom there was most to be learnt.

Twenty years later, however,

the situation had become very different. The fully-developed media society had arrived. The old metaphysics of God and the old religious selfhood had suddenly faded. At the end of the 1960s I heard the best of the new "secular Christians", the American radical theologian Paul van Buren, say that the idea of God might work just as well and might have all the same effects in human life if we thought of God not as a personal being, but simply as an ideal.

That remark stuck in my mind, as did also Ninian Smart's observation that many

a Being, but rather is something more like a standard by which to examine oneself and a mirror in which to see and become oneself?

So in 1978 I read Kierkegaard's text afresh in the light of this idea. I was doing something very like a scientific experiment, trying out a theory against the textual facts. I was checking whether a great text really made sense, better sense, in the light of a new "non-realist" theory of God.

And it worked, with a bang. I felt that scales had fallen from my eyes. I understood better than ever before how Kierkegaard's text actually works to create its own fit reader, and how it might be possible to continue to be a religious person in a secular humanist world. In Kierkegaard's text God is not an active Being, but is "the Eternal". God is like one who is dead but is still venerated. The dead person is constantly, silently present with us, acting as a reference-point and as a standard to be lived up to.

I was changed. Over the next few years I began to elaborate and to publish the new point of view. The results were pretty disastrous, on the whole, because religious truth is so very highly political. Ideas are not and cannot be appraised on their merits, but are simply classified as being conservative, liberal or radical, and then reacted to accordingly. There was little hope of getting my ideas discussed, or even understood, for many years. The church authorities, and the journals, rejected them out of hand.

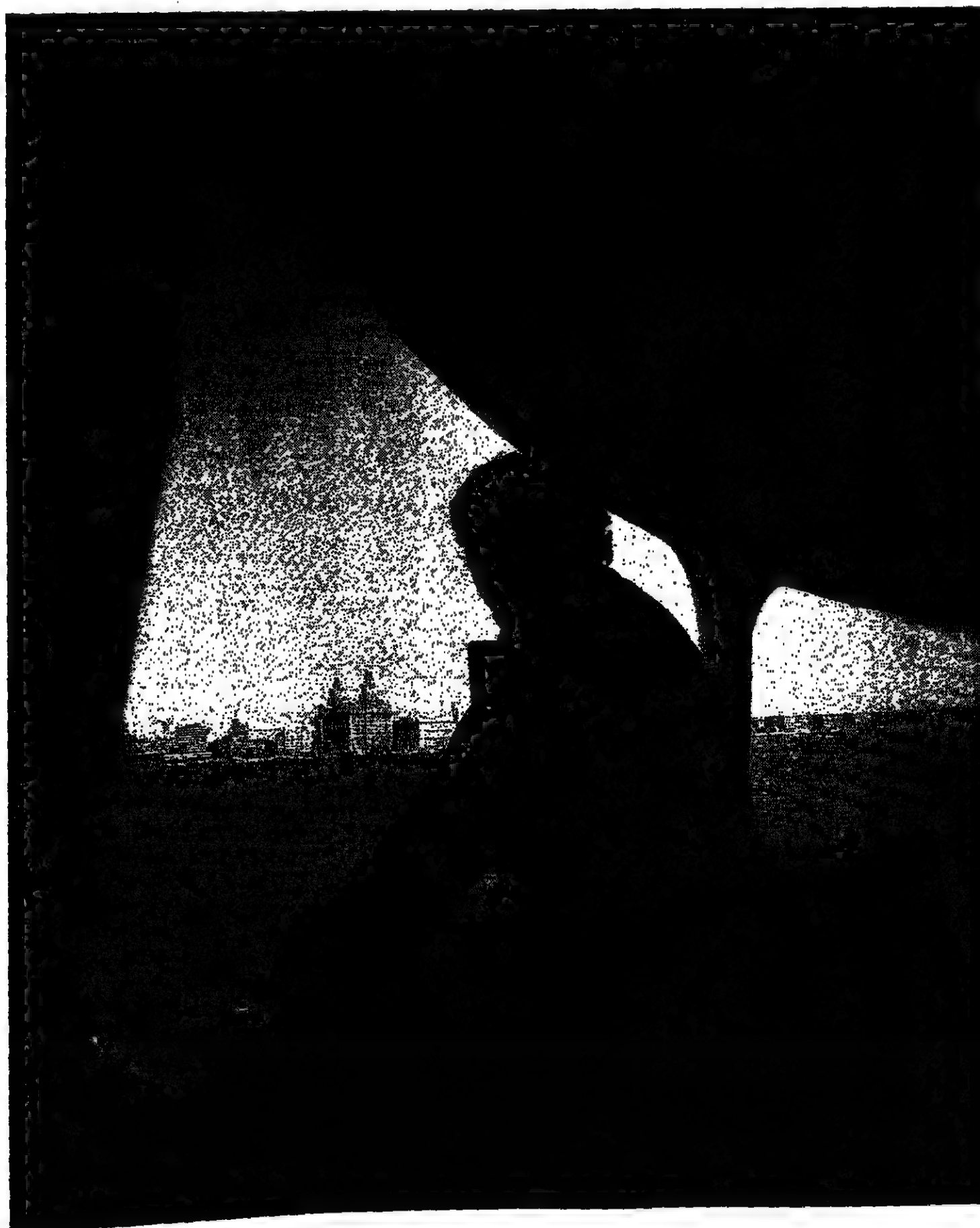
Almost 20 years on, I would not now try to argue that I have found the "correct" interpretation of Kierkegaard. The best texts can be and are read in a variety of ways, and from many different points of view. But I am still grateful to Kierkegaard. He may be dead, but his texts are still alive, still changing.

Don Cupitt is an Anglican priest, and a philosopher of religion at Cambridge University. His latest book is *Solar Ethics* (SCM Press).



of the things that are said about God might equally well have been said about faith in God. It is not so much God himself, but rather simply faith that is comforting and powerful, that moves mountains and is central to our life, and that is such a consolation in adversity.

Thoughts such as these grew stronger during the 1970s, and finally prompted a reading experiment. Kierkegaard is after all a modern writer. He has no metaphysics of God, and *Purity of Heart* is not in fact a book about God but an exercise in religious subjectivity. Perhaps for Kierkegaard God is not an active personal Being, but simply an ideal? Perhaps when I look at God I am like Rembrandt looking into his mirror: I learn to look at myself as if from the standpoint of eternity, and to see myself as I really am? Perhaps God is not, never was,



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ARTS

Adolph von Menzel died in Berlin in 1905 at the age of 89, the most celebrated German artist of his time. The Kaiser, who was not the most advanced in his taste for contemporary art, graced the funeral with his imperial presence, a state affair in the Altes Museum on the Island of Museums at the heart of Berlin. It was a true apotheosis for an artist whose success had been as much European as German - after which he seemed to vanish in the ether to be all but forgotten, save by the specialist and the connoisseur.

It is a curious but not altogether uncommon story, for the vagaries of fame and taste are notoriously fickle and indifferent in their judgment, as likely to drown the good along with the bad. Menzel has certainly never deserved his comparative obscurity, and this choice show at the Musée d'Orsay is especially welcome. We may come away from it not perhaps with the sense of a great master rediscovered, but for all his limitations, decidedly impressed.

He was at one time held to be the German Degas, but he was never that. Both artists were realists in their different ways, and they have in common the quality of being in different aspects of their work at once old-fashioned and very modern. But the problem with Menzel is really one of timing.

A full generation older than Degas and coming to maturity as an artist in the 1850s and '60s, he was still of a time when success was to be achieved in the Salon and the Academy, and the idea that History Painting was the highest form of the art was by no means dead.

Where Degas in Paris in the 1850s and early '60s would move away while still a young man from the historical subject and the influence of Ingres and Gerome to find his subjects in modern life, for Menzel in Berlin, such subjects and personal reputation were already fixed. Degas would live on to contribute positively to the modern movement as it developed in the final decades of the century. For Menzel it was just too late.

Just as with Géricault after David, beneath the genre and subject painter there was the realist waiting to emerge. It is to Géricault rather than to Degas that any useful comparison with Menzel may be made. For the seeds of modernism are to be found in the romantic idea that the artist is not a public figure but an individual whose duty it is to express himself.

From this it follows that what the artist does, whatever he does, has its own worth and expressive validity, and that a private and informal interest, expressed in the most rapid or fragmentary sketch or study, may stand with the full machine. From Géricault's severed heads to Menzel's dead soldiers is no great step.

It is thus in the Menzel of the sketch-book and oil-study, responding immediately to what is beneath his eye, that we really find the true artist. What is so impressive with him is the unblinking factuality of the study, matched to the brilliance of his draughtsmanship.

We may look at his genre and compositions of social scenes - the picnics in the gardens, the grand parades and glittering receptions - with interest and admiration, but it is the studies for them, the particular observation caught with astonishing assurance and facility, that take the breath away. Menzel is one of the truly great draughtsmen of the European 19th century, and the equal of any in this respect, even Degas.



'Woman with opera glasses', pastel, c.1880, by Adolph von Menzel: a draughtsman equal to any, even Degas

An intuitive eye

William Packer admires the drawings of Adolph von Menzel

But it is not just his virtuosity that marks him out. What leaps out at us across a century and more is the sense we get, which even the finest photograph can never quite achieve, that this is what the things - a woman in the street, a plate of oysters, some bits of armour, a decaying corpse - were really like. With the camera there is always the intervention of a process and contraption. It is a quality peculiar to naturalism in painting and drawing, but

only of the most particular and finest kind, for while all drawing and painting is to some extent approximation, mere approximation will never do.

There is, rather, the most critical selection to be made, decisions, decisions, and all come to by the mysteries of the educated intuition. The eye is brought up to an almost feverish intensity of scrutiny, and it takes only the most subtle and brilliant of hands to register what it sees, and indeed feels,

for the eye can feel. This is the *névrose du réel*, the desperate, almost neurotic searching after truth of this exhibition's title. And it is what makes Menzel so very modern after all.

Menzel - the neurosis of truth: Musée d'Orsay, Paris 7, until July 28, then on to the National Gallery of Art, Washington and the Alte Nationalgalerie, Berlin. Sponsored in Paris by Framacone.

Radio/Martin Hoyle

Handle with care

For a moment it looked as if Radio 4 had changed its spots; but no, that little patch of England that remains forever the 51st state has reverted to type. We have had both *Book at Bedtime* and *The Late Book* hailing from across the Atlantic.

The latter was *Skin Tight*, described by the Radio Times as a "cult" thriller. This word is usually a sheepish cop-out for the obscure, inept or vulgar, though an attempt at stylishness was made by punctuating the reading with bursts of the sort of music often associated with the brasher news bulletins on commercial radio.

Who chooses these books, and why? The selection of *Walden's Thoreau* is understandable as a classic (*Book at Bedtime*), but what criteria are applied to a half-hearted sub-Tarantino send-up that never quite makes up its mind (in this production, anyway) whether it is satirical or serious? As Sir Thomas Beecham immortalised, we have enough British mediocrities without importing foreign ones.

But then quality must be handled with care in case it looks esoteric or elitist. Dilettantism, or at least the decently unfussy, is the order of the day; hence the emergence of the all-purpose pundit. Journalist Mark Lawson (not only chairs *Vice or Virtue* (Radio 4), conversational arabesques on morality, with eminent adequacy; he also guides Radio 3's *Signs of the Times*, a discussion programme which,

according to the portentous Radio Times, uncovers the "social, ethical and cultural hinterland behind the issues of the week".

Oh dear. Last Saturday a very un-Radio 2 mentality trotted out the furry chestnut that the lottery was a tax on the poor to subsidise the pleasures of the rich, ignoring the fact that this is a tax imposed on nobody except those gullible or greedy enough to volunteer.

The conversation touched on pork-barralling and politicians who plead their local interests. This may be what prompted Tessa Blackstone to name as her heroine of the week a soprano currently singing at Covent Garden, an institution on whose board of governors Baroness Blackstone sits (without however revealing the fact to the listeners). Is the BBC moving with the times by serving up subliminal PR? Anyway, the programme compares unfavourably with *Any Questions?* And, as Wilde (a sound-bite man before his time) if ever there was one, how he would revel in today's media scene!

Fascinating to hear the English cuisine had a reputation for subtlety and the puddings or "aftermeats" were a speciality even in the dark ages. And, reversing cultural stereotypes, how eating horses was banned by the papacy and generally associated with pagans. Watch this space for the changing historical role for cows in culinary history.

Theatre King Lear's family

as ever, but has no family to portray other than his elder half-sister Emilia (the character formerly known as Edgar Cordelia's lady-in-waiting, who, in a packed agenda, alternates between posing as the Bedlam beggar Poor Tina and mustering an army to restore Lear to the throne, culminating in her *Kendo*-style duel with Edmund).

What remains is a production - played in traverses at the Young Vic, with actors delivering almost as many of their lines in English as in Danish - of stark, striking visuals, some able performances (Henriette Rosenbeck as Cordelia at times overhad-

owed by the Björk-like Anne-Karina Nikolajsen who, in a further complication doubles as Emilia and Goneril), some not so fine ones (Tage Larsen rambles a lot as Lear, Mikkel Haarder Munch-Hansen's fluent English serves mostly to show up his one-dimensionalism as Edmund) and a final surprising twist.

However, Van der Velden's remoulding of the story with the goal of pointing up familial duties between generations shows no net gain: for every point at which the family focus is tightened, an and flap loose somewhere else, usually to be tucked away hurriedly under Emilia's skirts, so to speak. *Cordelia* works as drama in itself, and (just about) as a version of *King Lear*; but - to be frank - so what?

Ian Shuttleworth

At the Newman Room, Oxford (01865 788600) and June 25-28 at Newcastle Playhouse (0191 230 5161).

Television/Christopher Dunkley

Rock, rhythm and blues

Rock music means The Beatles and the Rolling Stones, right? Perhaps Elvis had something to do with the early days and Jerry Lee Lewis may have sent it into its first earth orbit with "Whole Lotta Shakin' Goin' On", but rock and roll is essentially a white refinement of black music.

It is a form in which the British - somewhat surprisingly given their reputation for reserve and rigidity - have shown themselves again and again to be world leaders. Brit-pop rules OK? No, not OK. *Dancing In The Street: A Rock And Roll History* is proving to be a 1996 version of the *Damascus Road*. By providing a coherent account of rock from the earliest days it is enabling you to open your eyes to the truth.

As last week's introductory episode of this outstanding series vividly illustrated, the truth is that rock and roll came out of the Mississippi delta, and it was a black phenomenon. We all know that white English boys, many of them art students, borrowed wholesale from black American artists and frequently got into the hit parade with cover versions of songs that had sold only a few thousand for their black originators.

But this programme, coming 45 years after the birth of rock, is able to take a long enough, broad enough view to allow you to see where the real talent and - essential to rock and roll - the real guts were. From Fats Domino to Bo Diddley, from Chuck Berry to Little Richard, the true originators were black.

Some will say that this is worse than a simplification, and, to be fair, the (mostly implicit) editorial line of *Dancing In The Streets* would not go this far asserting instead that rock and roll - another black slang term for sex, like "jazz" - was a marriage of black

rhythm and blues and white country and crooning. My point is that this series has so many key examples in it, and is so clear in its chronology and its tracing of who influenced whom, that it gives you the opportunity to work out which particular bits of the twisted strand of rock music you really like.

My own answer, to my considerable surprise, is that rock and roll might have been better off without any of the effete British contribution and without any of that fey folk-rock stuff introduced by Dylan, Joan Baez and the flower children. Their malign influence can be seen in next week's episode.

Today's programme displays the true heart of rock music that would still have existed without all that an American art form coming down through black gospel singers via blues men such as Howlin' Wolf and Muddy Waters, who were featured last week, to such groups as The Shirelles, the Dixie Cups and The Crystals. Listening again to "Da Doo Ron Ron" - arguably the greatest pop song ever - you realise what a chasm divides American from British rock. The Beatles were hugely popular, but in musical terms what has British rock ever offered which could stand alongside Tamla Motown or the Phil Spector wall of sound? Someone compares the Spector sound to Wagner and, in terms of sheer visceral impact, it is a perfectly reasonable comparison.

Most producers of documentary series face the problem of where to find material to illustrate their programmes. But there is so much footage connected with rock music that Hugh Thomson, producer of *Dancing In The Streets*, and his researchers, must have had the opposite problem. They have

had to decide what to exclude, and some viewers will be surprised at their decisions. No Bill Haley? No Big Boy? No Gene Vincent? No Everly Brothers? Perhaps (though it seems unlikely) they will turn up in later programmes - there are 10, each lasting an hour, so there is a wealth of material here.

Most impressive of all is not the archive selection, rich though that is, but the specially shot interviews. From Little Richard, magically reproducing the rhythm of the trains outside his childhood home to Ginsberg deconstructing "Eleanor Rigby" from head Beach Boy Brian Wilson describing the first time he heard the Ronettes singing "Be

My Baby" (he nearly crashed his car), to journalist Al Aronowitz describing how Dylan rolled a joint for John Lennon, who passed it to Ringo who smoked it like his own cigarette - the implication being that this was the first time the Beatles had ever turned on - it is a treasure house of memories from our own lifetimes.

Saturday night television is usually bad enough at the best of times, and in high summer it tends to be the pits, but this year, for ten weeks at any rate, there is going to be one hour on BBC2 on Saturday nights which is going to be compulsory viewing for many of us.

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ARTS

Corporate art goes avant-garde

Lynn MacRitchie finds uncompromising pictures hanging on the walls of a city law firm

A corporate art collection inevitably makes a statement about its owner. Usually, this reassures reminding clients and employees of the company's success. In corridors and conference rooms, clients may admire paintings or sculptures which may be contemporary but are never controversial, while behind the scenes, staff feel valued as they enjoy their rich breaks in a specially designed canteen.

The Canary Wharf offices of the edit Suisse bank, with conference room wall drawings by Sol Lewitt and works by Tony Cragg, Michael Elger, Gabriel Orozco and others, is a colourful staff restaurant signed by Bruce Maclean are an elegant and successful example of its approach.

Clients and staff of Simmons & Simmons, corporate lawyers established in the city a century ago this year, are in for a rather different experience. Raising their eyes for a moment from a difficult meeting they may find themselves gazing at Angus Fairhurst's large colour photograph of the back of Damien Hirst's neck, or at Abigail Lane's

murderous looking pit bull terrier, photographed straining menacingly over his muzzle in moody black and white.

"Made in London," the contemporary art collection assembled for the firm by Stuart Evans, one of its corporate finance partners, is a collection with a mission. "The title is almost a manifesto," comments Nick Serota, director of the Tate Gallery and one of its admirers. "It raises questions about the importance of British art today." Stuart Evans himself, noting that "British people think art is some kind of con trick," declares that he would love Simmons & Simmons to be seen to be "part of the debate about contemporary art."

Unusually, Simmons & Simmons did not employ art consultants or appoint a purchasing committee when they decided to begin to buy art some 10 years ago. Instead, they entrusted the acquisition entirely to Evans. Passionate about art since his school days (his enthusiasm encouraged by an understanding art master, William Feaver, now art critic of the Observer), he was already collecting "art done in my lifetime" for himself, and began buying for the firm with small pieces by Bell, Bomberg, Fry and

Redpath and prints by Hodgkin and Kossoff, Lichtenstein and Oldenburg, all safe and established stuff.

Then, with the young art dealer Thomas Dane, Evans began an odyssey through the studios of the new generation of London-based artists such as Matt Colishaw, Peter Doig, Tracey Emin, Michael Landy, Abigail Lane, Fiona Rae, Georgina Starr and Mark Wallinger among others. He became passionate about what he saw, and determined to support it. "The work was difficult, but in the way rewarding things are, bringing different ways of looking at the world," he explains. When in 1994 the firm decided to construct a new suite of conference rooms, Evans took the opportunity to begin to buy this new and uncompromising art.

"What is unusual is that Stuart has not played safe," Nick Serota explains. "The characteristic corporate collector goes to the Cork St vendors and buys prints. He has gone to the artists and played a hunch that this is an important moment in British art and bought original works. He clearly feels personally excited about it." He clearly does. For Evans, artists are "like Old Testament prophets, swimming against the tide, from a position of

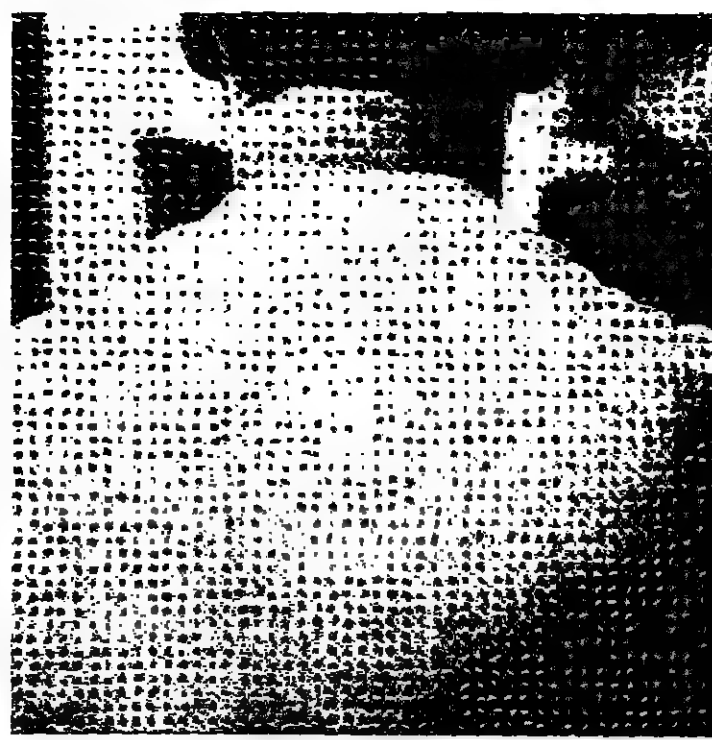
considerable vulnerability, because of something to do with truth. I think that's worth investigating..." His genuine enthusiasm has not obscured Evans' eye for a good deal. "Two and a half years ago was a good time to be buying. Major work was obtainable for less than outrageous prices, and galleries and artists were keen to do business..." he recalls. "When people heard you were in the market, good opportunities arose." Nick Serota confirms this. "He has built up a collection, on a modest budget, that anyone would be proud of."

Now, visitors waiting to be taken to their appointments sit beneath "TV Room 111," 1992, two monochrome paintings by Paul Winstanley of blank television sets, and a large white and bronze abstract by Nicholas May. Clients on their way to the conference rooms, each dedicated to work by one artist, pass down a corridor full of surprises. Paul Graham's "Television Portraits," colour photos of a toddler and a young woman in an ordinary living room slumped in front of the TV, have caused the most controversy. "I was accused of enlarging

my family snapshots and hanging them on the wall," Evans recounts. With characteristic robustness, he rose to the challenge, defending the work at the partners' daily lunches and bringing in Virginia Burton from the Tate Gallery to lecture to staff about the collection.

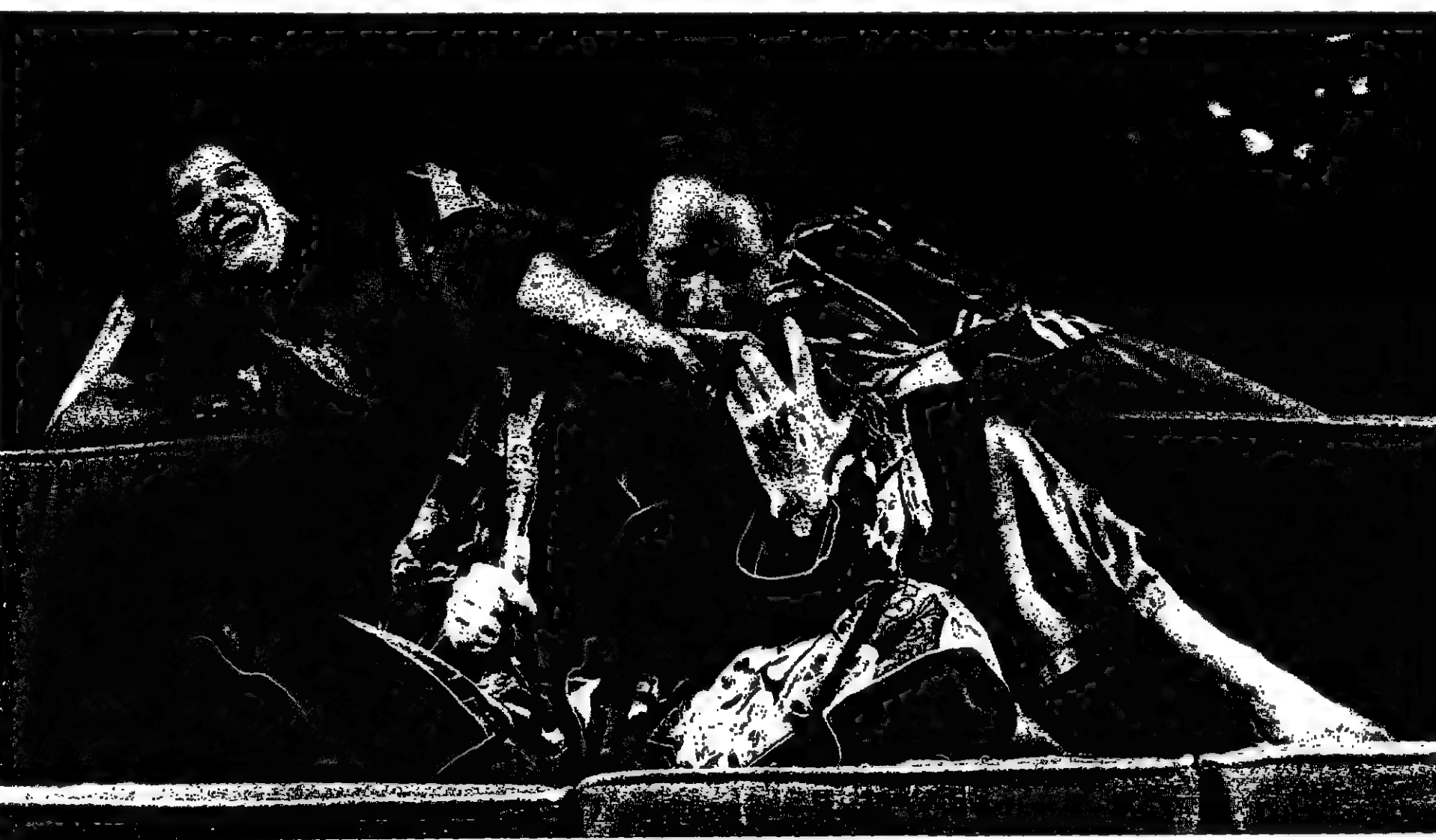
As corporate lawyers, Evans describes Simmons & Simmons as "merchants of solutions. We have to achieve objectives for people in powerful positions, and they expect us to be able to deliver. Part of the solution can be looking at things in a way that hasn't been done before. The art that we show is competitive with what we are doing as a firm." It has also become a source of business.

The firm has helped some of the artists with legal matters, sometimes accepting donated works as payment. And it has also become an adviser to the Tate Gallery on the financial structuring of its new gallery at Bankside. Evans' enthusiasm seems certain to ensure that Simmons & Simmons will maintain a dynamic relationship with contemporary art and artists, an example Nick Serota would like to see spreading to other companies. "In the US, corporate collections are one of the ways artists sustain their



Stuart Evans' photograph of the back of Damien Hirst's neck

careers," he notes. Back in the conference room, Stuart Evans recalls how a fraught Railtrack meeting ended with the Angus Fairhurst photo piece knocked out of position and somewhat the worse for wear. "We've had some complaints - people don't like the zit (which features prominently in the middle of the Hirst neck)," he smiles. After restoration, carried out by the Tate, the work is now back in place, reminding those who see it that these days, such maddening, deadpan, clever and challenging art works have made London the centre of the art as well as of the business world.



Neil Coward's cut-glass bickering and frivolous amorality is always an audience favourite: Simon Robson and Abigail Thaw as Elyot and Amanda

Theatre/Ian Shuttleworth

'Private Lives' played out of kilter

The more mannered a comedy script is, the greater the commitment demanded of actors to their respective roles. This is most obvious in farce in general, and in the work of individual playwrights with distinctive voices: Wilde, for instance, Joe Orton, and Noel Coward. *Private Lives* has always been an audience favourite, with its cut-glass bickering and frivolous *haut-monde* amorality; it grants little freedom, though, for performers to stretch into their parts without undermining the poise of the play as

a whole. Mike Alfreds' production (the second in Method & Madness's three-show repertory season at the Lyric Hammersmith), has ill-fitted laughs in all the old familiar places, and succeeds also in moulding into a minor key for the reflective passages of the second act, but is nevertheless subtly out of kilter.

The most obviously discordant notes are struck by Simon Robson as Elyot. Much of Elyot's character is affection, but paradoxically sincere affection. Robson for the most part wears Elyot's mannerisms as casually as the gaudy dressing gown he sports

in Act Two. His flippancy is not so much defensive as adolescent; not to put too fine a point on it, he camps persistently.

Amanda, the ex-wife with whom Elyot is unexpectedly reunited, Abigail Thaw makes periodic forays down the same path, but reins herself in before matters get out of hand. During the role-playing exchanges in the Parisian apartment to which the couple have fled from their separate honeymoons, Thaw's Amanda may lapse into an exaggerated drawl, but

is clearly indulging herself for a few moments only: Robson's Elyot never stops.

Geraldine Alexander, as Elyot's deserted second wife Sibyl, makes a pleasing if shallow little blonde mouse, bridling to a strangled crescendo in the play's final exchange; strangulation is the key note of Martin Marquez's performance as Victor, leading one to speculate on the severity of the character's toilet training as a child. In general, the quartet of players - the incongruity is not obtrusive,

but the shades of Coward and Gertrude Lawrence hang heavy over Elyot and Amanda.

Alfreds also tinkers with the script at several points, but nowhere as perversely as the very final moment: having Elyot and Amanda discovered in an embrace rather than letting Sibyl and Victor find that they have silently fled is all very well in terms of resisting a formal closure, but it most decidedly isn't Coward.

In repertory at the Lyric Hammersmith, London W8, until July 27 (0181 741 2311).

'Loot' with a slice of ham

While Phil Willmott prais about with Joe Orton's *Funeral Games* at the Drill Hall, Alan Strachan's production of *Loot* serves as a timely reminder that Orton's scripts are more than able to

fend for themselves. Only John Alderton as Inspector Truscott either feels a compulsion to or is allowed to get up to any extra-mural funny business. Alderton is conscious that the show is being sold on his name, and so perhaps feels

justified in working in a number of sight gags - getting trapped in a wardrobe, nibbling on a hard-boiled egg and so on. Such tricks do little to point up the eccentricity of the character - after all, everyone in Orton is eccentric to say the

least: as well as Truscott of the Yard, *Loot* boasts a devout Catholic rose-growing widower, a serial-killing nurse, a pair of bisexual bank robbers and a corpse who seems more of her house dead than she had done alive.

Truscott himself, as he scours the house for clues to the bank job, maintains almost until the end that he is an employee of the Metropolitan Water Board, whose powers of arrest he refuses to discuss. Orton's drama depends on the extent to which his characters unquestionably accommodate one another's more exotic traits; if they were

not able to discuss matters like the concealment of £102,000 in a funeral casket with such *sang-froid*, the shocked thrill which is his stock-in-trade

Everyone in Joe Orton's play is eccentric to say the least

would dissipate. Alderton's little extras come close to downgrading Truscott into a mere pompous buffoon: luckily though, he stops just this side of disaster. For the most part he looms and hurls with appealing menace rumbling his lines with a kind of weary dyspepsia, although he wastes several gags by the insertion of unnecessary Michael Foot-like banalities in mid-sentence. The rest of the cast do sterling work, especially

Rebecca Lacey as the murderous nurse Fay McMahon, who oozes the deadliness of the female as she saunters across the stage. Ifan Meredith is an unshowy Hal, declining to make much of his character's anguished inability to lie when questioned by Truscott, and Mark Dexter gives Dennis a sardonic, nasal twang, but again refuses to overplay it.

Alan Cowan as the widowed McLeary supplies the voice of horrified normality as events unravel around him, climaxing when he is led away in the handcuffs with, "Oh, what a terrible thing to happen to a man whose been kissed by the Pope!"

Director Strachan takes the play at a brisk but not frenzied pace; the occasional creak, and the odd slice of ham from Alderton do not derail his good solid revival.

I.S.

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SPORT

Soccer / Peter Aspden

England's feelgood potion



EURO 96
England

When pundits or managers tell an exasperated world that football is all about goals, they are not making quite so obvious a point as might appear. For the scoring of a goal does not only turn a game; it can transform the mood of a side and, as we are now seeing, even alter the psychic well-being of an entire nation.

It was, inevitably, England's Paul Gascoigne who rediscovered the intoxicating mix of audacity, desire and skill which has brewed into the most potent of feelgood potions. True, England had stepped up their game at the beginning of the second half of last weekend's game against Scotland, but that did not hide yet another laboured performance against a mediocre side. Until that goal.

It took just two touches, one deft, the other explosive, and an outrageous imagination. Gascoigne never stopped running after hitting that perfect volley past Andy Goram; until he suddenly remembered that he had an appointment with his teammates beside the goal. He collapsed backwards and waited for his comrades to squirt water down his throat, in a satirical re-enactment of the infamous dentist's chair episode. It was an exorcism. All the pressure, all the silliness, all the self-doubt were gone in a single moment of cute mayhem.

With Gascoigne's goal, England

could at long last puff their chests out. Not out of the usual blind patriotism, but true footballing pride. It was a sublime sporting moment. It was the reason Wembley was packed, the reason millions were watching on television. The correspondent of Italy's *La Gazzetta dello Sport*, notoriously niggardly with praise, compared Gascoigne with Pelé, a diagram was drawn to analyse the move in detail. England, such inhibited hosts, had at last joined in their own party.

England coach Terry Venables recognised the surge of confidence in his side. But confidence alone does not win matches. Some more tactical tuning was needed for the Holland game. Keep Steve McNamara on the right, where he looked so much more comfortable, ask Teddy Sheringham to come that little bit deeper, where he could use his shrewd sense of angles and sure touch to greater effect, and point Gascoigne in the direction of the opposition goal, wind him up and enjoy.

England's demolition of Guus Hiddink's complacent side on Tuesday was shockingly good. From the

very first minute, here was a visibly more relaxed team, moving with great intelligence and firing the ball around. With virtually his first touch, Alan Shearer blasted a half volley on the turn from a corner to announce his intentions; it was cleared off the line.

Paul Ince - the defensive anchor of the side, remember - performed an impertinent sleight-of-foot out of the Roberto Baggio book of ponytail pranks to win England a penalty. Sheringham's precise header slipped deceptively into the corner of the net to make it 2-0. The third goal was a masterpiece of an attacking move.

And then one of the most revealing moments of the match: Shearer racing back 50 yards to close down Clarence Seedorf when an England attack had broken down with Gascoigne and Ince committed forward. The exuberance, the energy, the reading of the game contrasted starkly, almost embarrassingly, with Holland's sullen attitude.

Venables's most urgent task for today's confrontation with Spain is to keep those sparkling feet on the ground; and win the tactical battle

all over again. Last week I warned of the dangers of national stereotypes; but it is still sobering to write of the adventurous English needing to steady themselves against the dour, solidly built Spaniards. They are tough, but beatable. And their notoriously strong defence will seldom have come across such a steady adversary as Shearer, whose physical skirmishes with Winston Bogarde made the crowd next to the right-hand touchline wince on Tuesday. England will face the winners of

tomorrow's Germany v Croatia quarter-final at Old Trafford if they beat Spain. Do not expect a feast of attacking football. These are two sides that like to steady themselves before committing men forward. The breathtaking goals by Jürgen Klinsmann and Davor Suker which finally dispensed with Russia and Denmark respectively came significantly late in their games. Neither striker will enjoy such space tomorrow.

Suker's party-piece of a second half against Denmark at last lived up to pre-tournament hype; he had had a wretched game against Turkey. He is certainly a dashing presence in Euro 96, with his Lyle Lovett looks and deceptively laid back manner, dedicating the shot from 50 yards which just failed to beat Peter Schmeichel to "espectaculo and fair play". Croatia's player profiles point out that Suker "prefers to be dressed by Versace"; he will need all that flamboyance, and more besides, to outwit Germany's mean defence.

Of the other two quarter-finals, it is nearly impossible to see Holland defeating a very strong French side

at Anfield today. Hiddink needs to gamble on Patrick Kluivert's fitness, and find some motivational skills somewhere. Seedorf, a key figure, looked particularly crest-fallen after Wembley's rout. France will bide their time, relying on the flair of their front three. They will need to push up on the Dutch defence to upset their opponents' rhythm; the Dutch will have to speed up that rhythm from its present torpor.

Almost anything can happen between Portugal and the Czech Republic at Villa Park tomorrow. I get the feeling that the Portuguese have been a little patronised in this tournament. True, their fast-moving passing game (more Colombian than Brazilian) looks fragile and tends to give possession away easily. But their defence, in which Fernando Couto has been outstanding, is getting better; and we have yet to see the best of Rui Costa. The Czechs have shown that they know how to finish, and will relish their unexpected progress in the tournament.

They too have shown what a goal can do. Pavel Nedved's relaxed finish in the early minutes of the

Czechs' fateful encounter with Italy turned the game - and the "cup death" - inside out.

Immediately after Italy's exit, their coach Arrigo Sacchi decried to talk of individuals, and then, in a sense, he was right. It took a moment of hesitation in full back Roberto Mussi as the Italian defence sprung their outside p for the Czechs to strike. But Sacchi above anyone should know Italian football in particular; and that individual flair, was his, not hauled through the 1994 World Cup single-handedly by Roberto Baggio.

Sacchi's arrogance grew; a couple of days before the crucial match against Germany, he reminded players that, Maldini apart, none of them would be where he was without him. It was not the best piece of psychology in the world. Faced with taking a crucial penalty in the early minutes, Zola's nerve failed him.

As at Italia 90, as at USA 94, failure from the penalty spot undid Italy. Sacchi would do well to abandon his excessively laborious approach to the game and learn how to foster a nerveless, confident mood in his undeniably talented side.

Remarkably, he could do a lot worse than watch England.

Cricket

Forget Gazza, this is Dickie Bird's weekend

The crowd at Lord's stands to affectionate attention as England's most famous umpire says goodbye, writes Simon Hughes

It is hard to envisage one 63-year-old Barnsley man virtually upstaging the resurgent English football and cricket teams, but this is Harold "Dickie" Bird's weekend.

The most famous umpire ever is standing in his last Test match 23 years and 66 matches after his first, and the tributes and congratulations and telegrams have been flooding in.

Virtually every one brings a tear to his eye. But what the television documentary, the radio profile, the two books, the anecdotes and interviews and farewells failed to emphasise was that Bird is actually very lonely.

He is a tragicomic figure - rather in the mould of his hero comedian Tommy Cooper - who has nothing else to live for apart from cricket and he admits it.

"If after retirement I plonk myself into a chair and sit in front of the telly, I'll be dead inside 12 months," he said. You can draw a variety of conclusions from his quirky dress sense, his patchy shaving, his nervous twitches, the regular sight of him dining alone in a fish and chip restaurant, but it is his incessant chatter that really gives the game away.

The constant rabbit between balls, the advice to the fast bowler to "hooray up, we'll be ere all night", the booming announcement of "OVER... LEFT HAND" all point to a man with no one to come home to or confide in or relax with. The game is his wife.

Twice during my playing career he stopped me in mid-run-up. I was forging in against the wind once at Headingley when suddenly he stuck out his left arm. "See that man Boycott's just arrived on't balcony," he said excitedly. "Look at 'im, 'e's got millions but d'yer know 'e keeps it all to 'imself. When he dies 'e'll ave his money buried with 'im. And I'll be the first to go and dig it oop."

Having once opened the batting together for Barnsley Cricket Club, they are actually very fond of each other. A year later, heavy rain delayed the start of a Benson and Hedges Cup match at Southampton. Bird and I found ourselves killing time together in the pavilion health club, shuttling between the sauna and steam room and finally taking a Jacuzzi which he clearly had not experienced before.

Having at last undressed down to his war issue Y-fronts, he lowered himself gingerly into the pool and almost dozed

off in the warm, frothy water. After lunch the game began and soon it was my turn to bowl at Robin Smith, primed and ready to fire.

Half-way through my approach to the wicket out came his arm again - I assumed because the batsman was not ready or because he

Inevitably, the end of the heatwave coincided with the first day of his last stand

had dropped one of the miniature red beer barrels he uses as counters.

I came to a halt beside him and he said: "By 'eck it was grand in that bubble bath wasn't it?" Two days before setting off for Lord's this week he went ritually through the paraphernalia all Test umpires have to carry these days. The list of laws and playing conditions, balls, calculators, scissors, screwdrivers, cloths, note-

pads and walkie-talkies.

And the dreaded lightmeter. "I don't like to have to get it out," he said, "because if I do in a Test match or a county match, people say, 'You're here again Bird. Come along now, put that light meter away.'"

It is a faint hope. All his charm and eccentric humour is balanced by an inflexible magnetism for misfortune. Bad light, rain, bomb scares, the blinding glare from a nearby greenhouse: something will always materialise to force Bird to call a halt.

Even on a cloudless day at Headingley some years ago he was obliged to bring the players off. A burst pipe was gushing out water right in the middle of Curtly Ambrose's run-up.

"It's not my fault," he responded to the inevitable groans from the crowd. "You need a plumber out there." So it was totally inevitable that the end of the June heatwave should coincide with the first day of Bird's last stand. As the heavy clouds rolled in he stared up at the heavens and fretted and muttered, brandishing his umbrella.

Temporarily he took refuge in the umpire's cubicle beside the visitors' dressing room. A few well-wishers popped in to wish him good luck and he had



Harold "Dickie" Bird will draw stumps for the last time in a Test match when England play India at Lords this week

time to reflect on the transformation from working class lad and ordinary batsman from Yorkshire and Leicestershire to world renowned umpire and famed raconteur.

Trying the white coat on for size in 1967, on the advice of the Leicester secretary Mike Turner, saved him from the obscurity of earning a few pence propping for Paignton in the south Devon league.

Now all of Lord's were standing to attention waiting for him. Then play started half an hour late and the teams formed a guard of honour on

the field as Dickie Bird emerged, misty-eyed from a Long Room jammed with applauding members.

There was official talk of persuading him to stand at square leg for the first over, giving him time to recover his composure, but they need not have worried. He strode to his usual pavilion end and, fifth ball of the match, gave Mike Atherton out lbw without a trace of emotion, before indefinitely rejecting several other equally worthwhile appeals.

Although a famed "not

outer", Bird commands the greatest respect from the wonderful bowlers he has so often denied. Dennis Lillee calls him "the ideal umpire" and Sir Richard Hadlee believes him to be "undoubtedly the best umpire in the world".

Ian Botham says that in his prime, Bird was probably the best umpire there had ever been. "He had great judgment, could get a point over without being officious or demanding and, above all, was barking mad."

When Atherton was batting

in a Test match last year, there was a brief hold-up when Bird dropped his counters. "I've lost me marbles, lost me marbles," he complained. "Dickie, we could have told you that years ago," the England captain replied.

Wisely Mr H.D. Bird is retiring from Test cricket while he still has a few left.

Free as a bird, *The Life and Times of Harold "Dickie" Bird* by David Hopps, will be published by Robson Books (£14.95, 220 pages) next week.

Tennis / John Barrett

Sampras dealt a tough hand

Wimbledon's 110th Championship meeting, which begins at the All England Club on Monday with record prize money of \$2,465,910, has dealt the defending men's champion, Pete Sampras, a difficult hand.

He opens against fellow American Richey Reneberg, a man who has beaten him before but never on grass, a surface to which Sampras was slow to adapt. That may be hard to believe when you realise that the 24-year-old champion is going for a fourth consecutive title, a feat last achieved by Bjorn Borg 17 years ago.

"It is true," Sampras said. "I found it difficult to return the serve until I shortened my swing. It took a while, but now I feel completely at home on the surface." He will need to be if the young Australian Mark Philippoussis beats the Argentine left-hander Javier Frana to earn another crack at the champion.

Sampras lost to Philippoussis in the Australian Open when the 19-year-old played the finest power tennis I have seen from anyone, anywhere. He hit the world No 1 off the court in straight sets and never wavered. If I had not seen it I would never have believed it. Yet Philippoussis has done nothing of note since. That is the way in sport. Cloud nine one minute, up the familiar creek the next.

At least he is playing at Wimbledon this year. Twelve months ago his request for a wild card was turned down and he did not attempt to qualify. Since then he has refused a Davis Cup invitation for Australia. Philippoussis is being badly advised. Nick, his father, should have more sense.

Ahead for Sampras lies Cedric Pioline (16), the Frenchman who pressed Boris Becker to the limit last year, or Richard Krajcek of the Netherlands, who failed to get a seeding despite a ranking of 14. Beyond, French Open finalist and the 1991 Wimbledon winner Michael Stich (10) will probably lie in wait.

The Wimbledon seedings

(In draw order)

MEN: 1 P. Sampras (US) v 16 C. Pioline (FRA); 10 M. Stich (GER) v 17 R. Krajcek (NED); 4 G. Ivanisevic (CRO) v 14 M. Rosset (SUI); 12 S. Edberg (SWE) v 6 M. Chang (US); 5 Y. Kafelnikov (RUS) v 11 W. Ferreira (RSA); 13 T. Martin (US) v 3 A. Agassi (US); 1 J. Courier (US) v 9 T. Enqvist (SWE); 15 A. Boetsch (FRA) v 2 B. Becker (GER).

WOMEN: 1 S. Graf (GER) v 16 M. Hingis (SUI); 10 M. Maleeva (BUL) v 6 J. Novotna (CZE); 3 C. Martinez (ESP) v 12 K. Date (JPN); 13 M. Pierce (FRA) v 8 L. Davenport (US); 7 C. Rubin (US) v 15 L. Spilane (ROM); 11 B. Schutlz-McCarthy (NED) v 4 A. Sanchez Vicario (ESP); 5 A. Huber (GER) v 9 M.J. Fernandez (US); 14 A. Coetzee (RSA) v 2 M. Seles (US).

Thomas Muster, the world No 2, was seeded No 7 for the championships and said he felt slighted. However, an injury on Thursday in Halle has meant that Muster has had to withdraw.

In the semi-finals Sampras may again face the 6ft 4in Croatian left-hander Goran Ivanisevic, whose alliance with hometown coach Vedran Martić has allowed his natural talents to flower. He has the best serve in tennis but he faces the even taller Swiss No 1, 6ft 5in Swiss Marc Rosset (14), who is another with a huge serve.

Then it will be either former champion Stefan Edberg (12), competing here for the last time, who plays Frenchman Guy Forget in the best of the first round matches, or the brave American, Michael Chang (6).

In the lower half, the Queen's Club winner Boris Becker (2) has been treated most kindly. The only fast court player in his section is the 1991 semi-finalist David Wheaton. The American will probably fight it out with Arnaud Boetsch (15) of France for the right to play Becker in the fourth round.

Then it will be either Sweden's Thomas Enqvist (9), the junior winner here in 1991 who has since lost twice in the first round, or the 1993 finalist Jim Courier (8) who is not the force he was. As last year, Becker's semi-final oppo-

nent is supposed to be the No 3 seed, Andre Agassi, who played the most interesting match of last year's championships.

Whether Agassi is fit enough or match tight to proceed to the last four is a matter of guesswork. After losing unexpectedly to Chris Woodruff in Paris, Agassi disappeared from public view. He was probably fixing his wedding date with actress Brooke Shields.

Todd Martin (13) is the man who might benefit from Agassi's poor preparation. If he does proceed to the last eight, Martin is cast to play either the new French Open singles and doubles champion, Yevgeny Kafelnikov (5), or South Africa's clever all-court player, Wayne Ferreira (11).

Kafelnikov is the first Russian to win a Grand Slam title and it would be no surprise if one day he succeeded at Wimbledon. He reached the last eight 12 months ago, but with the let-down that inevitably occurs after a big win, I expect to see him go out before the semi-finals. In fact, it would not be impossible for the British No 1, Tim Henman, to beat him in the first round.

Henman will have put behind him last year's thoughtless act that led to his suspension and has nothing to lose. The British No 2, Greg Rusedski, has a dream draw - if he can make use of

it. He first plays a qualifier, then the New Zealander Brett Steven or another qualifier. With the withdrawal of Muster, who he was expected to meet, Rusedski may once again inspire a wave of patriotic fervour as he did last year.

So dominant are the top four ladies that only injury is likely to prevent Steffi Graf (1) from facing Conchita Martinez (3) in the top half, and Monica Seles (2) playing Arantxa Sanchez Vicario (4) in the lower. The danger for Graf will be a potential meeting against Jana Novotna (6) in the quarter-finals.

The athletic Czech should have beaten Graf in the 1993 final and will be confident after removing Seles from the French Open in spectacular style. Although Seles admitted afterwards that she was nervous and inhibited in Paris, I believe she will be prepared to go for her shots at Wimbledon after this week's outing in Eastbourne.

On her first appearance since 1992 she should race past Amanda Coetzer (14) and Anke Huber (5) to set up a showdown with Sanchez Vicario. Before that the feisty Spaniard will have to be at her best against Helga Schult-McCarthy in the fourth round and will relish the chance for revenge against Chanda Rubin (7) who best her in a nail-biting match in Australia.

The problems for Martinez may be Kimiko Date (12), who upset Graf in a Fed Cup match recently, and Lindsay Davenport (8), slimmer and more dangerous than last year.

As for the likely winners, it is difficult to desert Sampras, who is bidding for his eighth Grand Slam title, and Graf for whom a seventh title would be her 20th major crown. That would overtake the total she shares with Helen Wills Moody and put her second only to Margaret Smith-Court who won 24. With every passing year these two great champions march ever further along the road to immortality.

Ivanisevic profile, Page XVIII

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INTERNATIONAL ARTS GUIDE

What's on in the principal cities

AMSTERDAM

CONCERT
Concertgebouw Tel: 31-20-5730573
● Metropole Orkest and the Groot Omroeporkest with conductor Jan Stulen, soprano Marissa Mulder and baritone Louis Claessens perform excerpts from Gershwin's *Porgy and Bess*; 11am; Jun 23

EXHIBITION
Van Gogh Museum Tel: 31-20-5705200

● Philipp Otto Runge and Casper David Friedrich. The Passage of Time: the first exhibition in the Netherlands to be devoted to German Romanticism. The display features paintings, drawings, watercolours and paper cut-outs by the two leading figures of this movement: Philipp Otto Runge (1777-1810) and Casper David Friedrich (1774-1840). Most of the around 60 works are from the Hamburger Kunsthalle, which possesses the largest part of Runge's oeuvre. There are also works by Friedrich on loan from Cologne, Dresden, Leipzig, Hanover, Frankfurt am Main and Vienna; to Jun 23

OPERA
Het Muziektheater Tel: 31-20-5518117

● Otello by Verdi. Conducted by Riccardo Chailly and performed by De Nederlandse Opera and the Koninklijk Concertgebouworkest. Soloists include Vladimir Bogachov and Vincenzo Ambrosini; 7.30pm; Jun 24

AVIGNON

EXHIBITION
Musée du Petit Palais Tel: 33-90 88 44 58

● Deux Palais pour Rodin: part of a joint exhibition in the Musée du Petit Palais and the Palais des Papes devoted to the work of Auguste Rodin. The exhibits come from the collection of the Musée Rodin. This display features 60 sculptures; to Sep 1

● Deux Palais pour Rodin: part of a joint exhibition with the Musée du Petit Palais. The exhibits come from the collection of the Musée Rodin. This display features 30 architectural drawings; to Sep 1

BALTIMORE

EXHIBITION
Baltimore Museum of Art Tel: 1-410-396-6300

● Grace Tumbull: exhibition devoted to the work of sculptor, painter, writer and social activist Grace Tumbull (1880-1978). In 1928 Tumbull turned to sculpture. Her principal technique was direct carving, both in stone and wood, although one of her sculptures best known to the citizens of Baltimore is the bronze "Naked" in the square of Mount Vernon Place. The exhibition is organised in celebration of the centennial of the Maryland Institute, College of Art's Rinehart School of Sculpture, and includes painting and sculpture by this 1911 Rinehart graduate; to Aug 4

BARCELONA

EXHIBITION
Museu Picasso Tel: 34-3-3196310

● Futurism: exhibition featuring works by the leaders of this movement. These were the artists who signed the first Manifesto: Marinetti (Futurist Manifesto, 1909) and Boccioni, Carrà, Russolo, Balla and Severini (Manifesto of Futurist Painters, 1910). The exhibition also includes works by Depero, Sironi and Soffici. The display includes about 60 paintings and 30 drawings, as well as letters, photographs and books; to Jul 21

BERLIN

CONCERT
Konzerthaus Tel: 49-30-203080

● Die Schöpfung: by Haydn. Performed by the Rundfunk-Sinfonieorchester Berlin and the Rundfunkchor Berlin with conductor Rafael Frühbeck de Burgos. Soloists include soprano Helen Donath, tenor Hans-Peter Blochwitz and bass Wolfgang Brendel; 8pm; Jun 28

EXHIBITION
Berlinerische Galerie

● Martin-Gropius-Bau Tel: 49-30-254860

● Anne Ratkowski - Eine vergessene Künstlerin der Novembergruppe: exhibition devoted to the work of the German painter Anne Ratkowski, a member of the Novembergruppe, a movement of Expressionist artists formed in Berlin in 1918. The display includes still-lives and portraits; to Oct 13

OPERA
Deutsche Oper Berlin Tel: 49-30-3438401

● Turandot: by Puccini. Conducted by Marcello Viotti and performed by the Deutsche Oper Berlin. Soloists include Gwyneth Jones, Peter Gouglouff and Rolf Kühne; 7.30pm; Jun 25

BILBAO

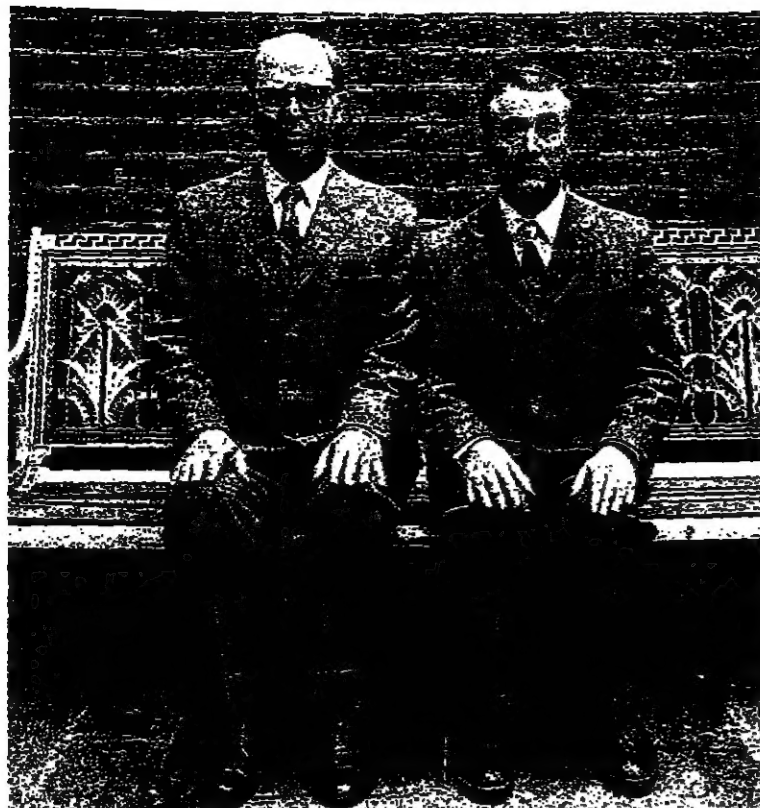
EXHIBITION
Museo de Bellas Artes Tel: 34-94-4419536

● Francisco de Goya: Caprichos: exhibition of "Caprichos", a series of 80 engravings by Francisco de Goya, in celebration of the 250th anniversary of the artist's birth; to Jun 26

BOLOGNA

EXHIBITION
Galleria d'Arte Moderna Tel: 39-51-502859

● Gilbert & George: an Anthology: retrospective exhibition devoted to



Gilbert & George, contemporary British artists appearing in Bologna

the work of the British artist-duo Gilbert & George. The display includes 100 large works from the 1970s to the present; to Sep 8

BONN

EXHIBITION
Kunstmuseum Bonn Tel: 49-228-776121

● Willem de Kooning: Das Spätwerk - Die schützige Jahre: exhibition focusing on the work created by the Abstract Expressionist painter Willem de Kooning in the 1960s; from Jun 26 to Aug 18

BOSTON

FESTIVAL
Tanglewood Music Festival Tel: 1-617-2661492

● Tanglewood Music Festival: the festival, in its 82nd edition, draws more than 300,000 visitors. In addition to the concerts of the Boston Symphony Orchestra, there are weekly chamber music concerts, Prelude concerts and Opera Rehearsals, the annual Festival of Contemporary Music and almost daily concerts by the young musicians of the Tanglewood Music Center. This year marks the 50th anniversary of the American premiere of Britten's opera, *Peter Grimes*, with Seiji Ozawa leading the Tanglewood Music Center Orchestra. During the all-Season festival in August, Bernard Haitink will lead the Boston Symphony Orchestra. Also among this year's artists are Yo-Yo Ma, Jessye Norman, Emmanuel Ax, Joshua Bell, Christoph Eschenbach, Itzhak Perlman, André Previn, Frederica von Stade, André Watts and John Williams; from Jun 26 to Sep 2

BRUSSELS

EXHIBITION
Musée Communal d'Arts Tel: 32-2-5119084

● Greening Collection: exhibition of works from this collection of contemporary art, assembled over the past 10 years by a group of Belgian collectors. It includes works by Richter, Panamarenko, Fabre, Frère, Carlier Oursier, Keith Haring, Allan MacCollum, Mike Kelley, Sol LeWitt and others; to Jul 28

CAMBRIDGE

EXHIBITION
Fitzwilliam Museum Tel: 44-1223-332900

● Burne-Jones and William Morris: illustrations for the Kelmscott Chaucer and the Aeneid: exhibition of pencil drawings produced by Sir Edward Burne-Jones for William Morris' illustrated books. In 1875, Morris completed the transcription on vellum of six books of Virgil's Aeneid for which Burne-Jones designed half-page miniatures, marginal illustrations and storybook capitals. The Fitzwilliam Museum preserves 29 of these, most of which are displayed in this exhibition. For Chaucer's *Canterbury Tales*, Burne-Jones provided 87 illustrations. A group of preliminary, intermediate and finished drawings are on display; to Sep 1

CANBERRA

EXHIBITION
National Gallery of Australia Tel: 61-6-240-8411

● Roy Lichtenstein: Printworks: exhibition of printworks by the American Pop-artist Roy Lichtenstein, drawn from the museum's collection. Included in the exhibition is Lichtenstein's only illustrated book, *La nouvelle chute de l'Amérique* (The new fall of America), which was acquired by the National Gallery of Australia late last year; to Jul 21

CHICAGO

EXHIBITION
Art Institute of Chicago Tel: 1-312-4438600

● Splendors of Imperial China: Treasures from the National Palace Museum, Taipei: almost 400 works spanning four millennia have been selected for this exhibition from the collection of the National Palace Museum in Taipei. The display features nearly 100 paintings and calligraphic works, as well as more than 200 jades, bronzes, ceramics, and other decorative arts, including many of the Tang, Song and Yuan masterpieces of calligraphy and painting in the museum's collection, and examples of Imperial ceramic ware from the Sung through the Ch'ing periods; from Jun 29 to Aug

COLOGNE

CONCERT
Kölner Philharmonie Tel: 49-221-2040820

● Kölner Rundfunk-Sinfonie-Orchester: with conductor Hans Vonk and cellist Misha Malady perform works by Mendelssohn and Tchaikovsky; 8pm; Jun 29

COPENHAGEN

EXHIBITION
Statens Museum for Kunst - Royal Museum of Fine Arts Tel: 45-33 91 21 26

● Statens Museum for Kunst - 100 Years - 100 Masterpieces: to celebrate the museum's centenary 100 of its masterpieces are displayed in the various sections of the museum; from Jun 23 to Aug 1

DUBLIN

CONCERT
National Concert Hall - Geórgios Náfíntas Tel: 353-1-6711888

● National Symphony Orchestra: with conductor Colman Pearce and pianist Neil Cooney perform works by Schnittke, R. Schumann and Rimsky-Korsakov; 6.30pm; Jun 28

EDINBURGH

EXHIBITION
Scottish National Gallery of Modern Art Tel: 44-131-5568921

● Alberto Giacometti 1901-1966: the first big exhibition of Giacometti's work in Britain since the retrospective held at the Tate Gallery in 1965. The exhibition comprises 80 sculptures, 30 paintings and a selection of drawings. These include sketches and paintings made by Giacometti in his youth, Surrealist sculptures of the early 1930s and the celebrated series of tall standing figures begun immediately after the second world war; to Sep 22

GENEVA

CONCERT
Victoria Hall Tel: 41-22-3283573

● Symphony No.2: by Mahler. Performed by the Orchestre de la Suisse Romande with conductor Amin Jordan; 8.30pm; Jun 28

GLASGOW

JAZZ & BLUES
Glasgow Royal Concert Hall Tel: 44-141-3326633

● The Royal Scottish National Orchestra: with conductor Lalo Schiffrin, double bass-player Ray Brown, drummer Grady Tate and trumpeter/trombonist/saxophonist James Morrison perform works by Ellington, Gillespie and Armstrong. Opening Night of The Glasgow Jazz Festival; 7.30pm; Jun 28

HOUSTON

EXHIBITION
The Menil Collection Tel: 1-713-525-9400

● Georges Rouault: exhibition of works by Georges Rouault including 75 paintings, works on paper, and objects drawn primarily from The Menil Collection holdings. The religious painter Georges Rouault (1871-1958) was a Roman Catholic of deep persuasion who reacted against pompous academicism and developed his own style - a combination of expressionism and refined primitivism harking back to the early Middle Ages, stained glass techniques and Oriental brush painting; to Aug 18

HUMLEBAEK

EXHIBITION
Louisiana Museum of Modern Art Tel: 45-42 19 07 19

● Nowhere: a large-scale presentation of international contemporary art. The exhibition is organised in collaboration with four guest curators: Ute Meta Bauer (Germany), Ivona Blazevic (England), Laura Cottingham and Bruce Farguson (US). Each curator, along with curators Anneke Fuchs and Lars Grambye from the Louisiana Museum, is responsible for one section of the exhibition; to Sep 8

LONDON

CONCERT
Royal Festival Hall Tel: 44-171-9604242

● The Philharmonia Orchestra: with conductor Kurt Sanderling and pianist

Maria João Pires perform works by Chopin and Schubert; 7.30pm; Jun 25

EXHIBITION
British Museum Tel: 44-171-6361555

● Vases and Volcanoes: Sir William Hamilton and his collection: exhibition focusing on the 18th century antiquary, connoisseur and natural historian Sir William Hamilton (1730-1803), better known as husband of Nelson's mistress Emma. The display features a selection from more than 200 items formerly in Hamilton's possession but now in the British Museum, together with loans from public and private collections from all over the world. The exhibition includes sculptures, bronzes, gold jewellery, carved gemstones, painted Greek vases, paintings and drawings; to Jul 14

ROYAL ACADEMY OF ARTS Tel: 44-171-4397438

● Gustave Callebotte 1848-1894. The Unknown Impressionist: exhibition featuring works by the French Impressionist painter Callebotte. A man of means, Callebotte was a respected botanist, yachtsman, philatelist and a collector of his fellow Impressionists' work, activities that have tended to overshadow his achievement as a painter; to Jun 23

JAZZ & BLUES
Barbican Hall Tel: 44-171-6388891

● Oscar Peterson Quartet: featuring jazz pianist Oscar Peterson, double bass-player Nils-Henning Ørsted-Pedersen, drummer Martin Drew and guitarist Lorne Lofsky; 8pm; Jun 29

THEATRE
Comedy Theatre Tel: 44-171-3691731

● Twelve Angry Men: by Reginald Rose. Directed by Harold Pinter. The cast includes Kevin Whately, Peter Vaughan and Timothy West; Mon-Sat 7.45pm, Wed also 2.30pm, Sat also 4.45pm; to Jul 27 (Not Sun)

LOS ANGELES

EXHIBITION
Norton Simon Museum of Art Tel: 1-818-449-6940

● The New Wave: Bonnard, Toulouse-Lautrec and Vuillard and the French Color Print: exhibition of 38 colour lithographs by the 19th-century avant-garde painters/printmakers Pierre Bonnard, Henri Toulouse-Lautrec and Edouard Vuillard. The display includes examples from Bonnard's suite "Selected Aspects of the Life of Paris", Vuillard's "Landscapes and Interiors" suite and Toulouse-Lautrec's "Elles" series; to Jul 21

LYON

EXHIBITION
Musée des Beaux-Arts Tel: 33-72 10 17 40

● Trésor des Trésors: exhibition devoted to this find of 545 gold and silver coins. The coins were buried around 1360 and dug up three years ago; to Feb 16

MADRID

CONCERT
Auditorio Nacional de Música Tel: 34-1-3370100

● Joven Orquesta Nacional de España: with conductor Antoni Ros Marbà, pianist Christian Zacharias, soprano Ana Rodrigo and tenor Kurt Streit perform Mozart's Piano Concerto No.25 in C, K503, the overture to Don Giovanni, Symphony No.38 in D, K504 (Prague), scene for soprano, piano and orchestra "Ch'io mi scordi di te", K505, and the aria "Il mio tesoro" from Don Giovanni; 10.30pm; Jun 28

MILAN

OPERA
Teatro alla Scala di Milano Tel: 39-2-72003744

● La fille du régiment: by Donizetti. Conducted by Donato Renzetti and performed by the Opera alla Scala. Soloists include Mariella Davis, Valeria Eposito and Giuseppe Sabbatini; 8pm; Jun 25, 26, 28

MUNICH

EXHIBITION
Villa Stuck Tel: 49-89-455510

● Franz von Stuck und die Photographie. Inszenierung und Dokumentation: this exhibition focuses on the photographic studies made by Franz von Stuck in preparation of his paintings. The display includes about 300 original photographs made by Von Stuck between 1889 and 1925; to Jul 7

NEW YORK

MOMA - Museum of Modern Art, New York Tel: 1-212-708-9400

● Picasso and Portraiture. Representation and Transformation: exhibition surveying the portrait work of Pablo Picasso (1881-1973). Beginning with early studies from the artist's years in Barcelona, the exhibition moves through Picasso's life via intimate portrayals of his family, lovers and friends. The display comprises more than 130 paintings, about 100 drawings and prints, and one sculpture. Photographs and brief biographical notes on the sitters accompany the portraits; to Sep 17

NICE

EXHIBITION
Musée Matisse Tel: 33-93 53 40 53

● Matisse et Bonnard: exhibition to examine the friendship between Matisse and Bonnard from the 1920s to 1947. The exhibition includes paintings, drawings, photographs and letters written by the artists; from Jun 28 to Oct 27

PARIS

CONCERT
Salle Pleyel Tel: 33-1 45 61 53 00

● Orchestre Philharmonique de

Radio France: with conductor Elihu Inbal and pianist Frank Braley perform works by Dvořák, Ravel and Stravinsky; 8pm; Jun 27

EXHIBITION
Galerie Nationale du Grand Palais Tel: 33-1 44 13 17 17

● Les années romantiques 1815-1850: exhibition of some 180 paintings and watercolours by French artists, including Ingres, Delacroix, Gérard, Corot, Millet and Courbet; to Jul 15

OPERA
L'Opéra de Paris Bastille Tel: 33-1 44 73 13 99

● Salome: by R. Strauss. Conducted by Donald Runnicles and performed by the Opéra National de Paris. Soloists include Robert Tear, Helga Dernesch, Elene Coelho and Jean-Philippe Lafont; 7.30pm; Jun 27

ROTTERDAM

POP-MUSIC
Feyenoord Stadion - De Kuip Tel: 31-10-4929400

● Bryan Adams: with support act Melissa Etheridge; 8pm; Jun 29

SAN FRANCISCO

EXHIBITION
California Palace of the Legion of Honor Tel: 1-415-863-3330

● Pergamon: The Telephos Frieze from the Great Altar: exhibition of rare and renowned works of Hellenistic sculpture from the second century BC. Twelve newly restored relief sculptures from the Telephos frieze that once decorated the interior court of the Great Altar of Pergamon are on display, along with 30 other works that help explain the original purpose and placement of the Telephos frieze. Included are statues, fragmentary sculpture and architecture of the Great Altar, a portrait head of an Attalid king, and portraits on coins. The works come from the collection of the Pergamon Museum in Berlin; to Sep 8

STUTTGART

OPERA
Staatstheater Stuttgart Tel: 49-711-203020

● Aufstieg und Fall der Stadt Mahagonny: by Weill. Conducted by Janos Kulka and performed by the Oper Stuttgart. Soloists include Poulson, Burschschuh and Sadé; 7.30pm; Jun 26

SYDNEY

CONCERT
Concert Hall Tel: 61-2-250-7111

● Sydney Symphony Orchestra: with conductor Edo de Waart and violinist Boris Beldin perform works by Rimsky-Korsakov, Tchaikovsky, Dukes and Lyadov; 8pm; Jun 27, 28

TEL AVIV

EXHIBITION
Tel Aviv Museum of Art Tel: 972-3-6957361

● Fauvism "Wild Beasts": between 1904 and 1907 a group of artists including Matisse, Derain, De Vlaminck and Braque applied non-naturalistic and often disconcerting colours to otherwise conventional subjects. A contemporary critic described the art as that produced by wild beasts, or "Fauves". This exhibition surveys this art movement through a selection of works from private and public collections in Europe, the US and Israel. Most of the paintings in the show are landscapes - the Fauves preferred them - but still-life paintings, portraits and nudes are presented as well; to Aug 31

TOKYO

CONCERT
Kasumigaoka National Stadium Tel: 81-3-4238135

● The Three Tenors: Pavarotti, Domingo and Carreras: accompanied by the Philharmonia Orchestra with conductor James Levine. This concert is a part of the world tour of The Three Tenors; 7pm; Jun 29

VIENNA

OPERA
Wiener Staatsoper Tel: 43-1-514442960

● Die Walküre: by Wagner. Conducted by Daniel Barenboim and performed by the Wiener Staatsoper. Soloists include Plácido Domingo, Waltraud Meier, Rene Pape and Falk Struckmann; 8pm; Jun 24

WASHINGTON

CONCERT
Concert Hall Tel: 1-202-467 4600

● Messiah: by Handel/Mozart. Performed by the National Symphony Orchestra with conductor Christopher Hogwood. Part of the Mozart Festival; 8pm; Jun 23

MUSICAL
Ford's Theatre Tel: 1-202-347-4833

● The Fantasticks: by Tom Jones, with music by Harvey Schmidt. Directed by Michael Rafter. The cast includes Sears, Jason Williams, Mark Aldrich, Kevin Bailey and Julian Brightman; Tue-Sun 7.30pm, Thu also 1pm, Sun also 3pm; to Jun 30 (Not Mon)

ZURICH

OPERA
Opernhaus Zürich Tel: 41-1-268 6666

● La Cenerentola: by Rossini. Conducted by Adam Fischer and performed by the Oper Zürich. Soloists include Cecilia Bartoli, Elena Moscu and Bruce Ford; 7.30pm; Jun 26, 29

CHESS

The UK National League has just completed its third season, in which a record 14 teams took part. Slough won the title from the Midlands in the final match. Slough's backer, local businessman Nigel Johnson, has assembled an impressive squad of grandmasters led by Adams, Speelman and Miles and plans a serious bid for the Biennial European Team Cup.

Although the UK League has no sponsor and no team or individual prizes, it is popular among players. The final week-end at IBM Warwick last month attracted 30 GMs and IMs as well as most of the country's promising juniors and best women players. Match results and game commentaries appear in five national dailies, Sunday columns and chess magazines. Experience and ringcraft settled the decisive Slough v Midlands match (G Buckley v J Speelman).

1 d4 e6 If at once 1... b6 2 e4 Bb7 3 Bb3 4 e3 5 exd5 favours White. 2 e4 b6 3 e4 3 Nf3 returning to conventional lines is simpler. Bb7 4 f3 Bb4+ 5 Bb2 Qe7 6 Nf3 White has already lost the thread; better 6 Nc3.

f3! 7 exf3 Nef8 8 Bxb4 Qxb4+ 9 Nc3 Qxb2 10 Nf5 Qb4+ 11 Kf2 0-0-0 12 Rb1 Qa5 13 d5

White mates in two moves, against any defence (by Collins Mansfield, 1917). The UK's best composer was born a century ago in June 1896 and his finest problem, above, was created in a battlefield trench in France.

Solution Page 11

Leonard Barden

BRIDGE

Finesses may seem a good bet, but the experts usually snub them. The reason is simple: a 50 per cent chance of an extra trick is too low, when alternative lines may offer far better odds. On this deal, the declarer correctly rejected the finesse in favour of the superior line.

♠ A 10 4
♥ 5 4 3 2
♦ 9 5 3
♣ A 2

W E
♠ 6 3 ♠ 9 5
♥ K 9 ♥ J 10 8 7
♦ Q J 10 2 ♦ K 7 4
♣ K 9 8 6 4 ♣ J 10 7 3

♠ K Q J 8 7 3
♥ A Q
♦ A 8 8
♣ Q 5

Sporting Profile

Ivanisevic expects to play all the aces

John Barrett meets the Croatian who hopes to win Wimbledon

He threw down the cards on the table and stormed out of the room. Goran Ivanisevic does not like losing, particularly to his mother and father. Gorana and Srdjan turned towards Goran's deserted card partner, Vedran Martić, and smiled.

Ivanisevic's new coach was used to his moods and they all knew that the storm would blow itself out. A game of *briskis* or *triste* with the family was a good way for him to relax on the eve of an important final.

Earlier that day in Key Biscayne, Florida, Ivanisevic had played with authority to beat the world No 1 Pete Sampras in the semi-finals of the Lipton Championships, the fifth largest tournament in the world behind the four Grand Slams. On the morning, the 26-year-old Croatian would launch his left-handed thunderbolts against Andre Agassi in his seventh final of the year.

This re-match of the 1992 Wimbledon final never took place. At least, only three games took place, all won by Agassi. Even by that early stage Ivanisevic realised that the stiff neck which had inhibited his movement since he had woken up that morning, would not improve.

"That was pretty bad. I thought I had a good chance to beat Andre. I had beaten Pete and Michael (Chang)... he would be the third American. But I couldn't move my neck. I was very sad. It was a big disappointment." So there would have to be sessions of treatment and training back home in Split.

It was in this picturesque Croatian seaside town that Ivanisevic was born 24 years ago, in the days when the region was part of Yugoslavia. Although he maintains an apartment in Monte Carlo to establish residency for tax purposes - he has earned more than \$12.5m from official prize money since he turned professional in 1988 - his roots are deeply planted in Croatia.

Ivanisevic's father, a lecturer at the Electrotechnical Faculty of Split, is conscious of the family's historic links with this troubled part of the world. "We have been here for as long as anyone can remember," he says. "Split is 1,700 years old and was a Roman city. Diocletian built a palace here. My grandfather was fighting for Austria in the war and my grandmother's family were Croats who had settled in this part of Dalmatia years before. Always we were a western culture, never eastern. But the new war is a very bad experience. The other communist countries like Czechoslovakia split peacefully. But Yugoslavia was different. It is still very difficult."

In response to the situation, Goran Ivanisevic has been known to spend his tournament winnings on medical supplies for the region. Last year he launched the Children in Need Foundation in Split to help war orphans.

These past two years Ivanisevic's thoughts have also been with Daniela Mihaljevic, a hotel management student at the University of Opatija, who is his companion when she is not studying or modelling. It is a stable relationship that has been an important part of maturing.

Ivanisevic's patriotism was sharply focused during the 1992 Olympic Games when he carried the Croatian flag at the opening ceremony. He had competed at the Olympics for the first time in Seoul four years earlier, representing Yugoslavia. But his quarter-final finishes in singles and doubles, although outstanding

performances for a 16-year-old, had left him without a medal. In Barcelona he was determined to make amends.

I was there to see him win four consecutive five set matches in the broiling heat to reach the semi-finals - a feat never before accomplished in first-class tennis. It was a heroic achievement on the ultra-slow red clay but it left him too exhausted physically and mentally to offer much resistance to the eventual winner, Marc Rosset of Switzerland. But Ivanisevic's bronze medal meant more to him than any tournament title could have done. He had become the first and only medal winner for the new republic. As the Croatian flag rose his tears of joy spoke more eloquently than words.

Competitiveness was always part of his nature, acquired sub-consciously perhaps from watching the players at the Split tennis club from his bedroom window. "It is amazing," says his father. "Our house was next to the club and within 1 mile were also born two future Yugoslav champions, Zeljko Franulovic and Nikolic, the present captain of Germany's Davis Cup team."

Srdjan Ivanisevic had tried to interest Goran's older sister, Srdjana, in tennis but failed. Goran, though, even at the age of six, was always pestering his father to take him to the club. "So one day I did. I told him to hit on the practice wall while I went off to play my game. After two hours he was still there hitting his backhand like now but also trying to perform his forehand with two hands. That is the only thing I had to show him."

Even when he was a little boy Goran was very, very ambitious," says Srdjan. "He was the champion sprinter three years in a row for all the schools in Split, he played football and basketball and at tennis he became the Yugoslav junior champion in every age group from 12s to 18s. He always wanted to be the best but, like [John] McEnroe, he was a perfectionist and they always suffer. Once he was leading 6-0, 6-0 against a club player and missed a volley by a couple of inches. He was so mad he lost the next five games and lost the set."

These highs and lows have been a consistent part of the Ivanisevic story. Never the No 1 junior in the world, Ivanisevic would occasionally produce an eye-popping performance that suggested future greatness. His defeat of the No 2 seed Boris Becker in the first round of the 1990 French Open was sensational. The swinging left-handed serve had already become Lethal Weapon One and his fierce groundstrokes were simply too powerful for the three-time Wimbledon champion.

In February 1991, with the intention of acquiring mental discipline, the lack of which had so often marred promising performances, Ivanisevic ended his relationship with Balazs Taroczy, his Hungarian coach. He turned instead to Bob Brett, a tough Australian, who had just parted amicably from Becker after the German's success at that year's Australian Open.

Brett was a disciplinarian of the Harry Hopman school. For a while it seemed that the partnership would flourish. Ivanisevic became fitter and more purposeful. His defeat of Stefan Edberg at Wimbledon in 1992 and his monumental five-set battle with Agassi in the final suggested that his talent was at last maturing.



Two years later he was in the Wimbledon final again but found Sampras too strong on the day. In spite of a short spell as the world No 2 there was still doubt about Ivanisevic's mental strength. Too often he would snatch defeat from the jaws of victory.

By the autumn of 1995 Brett had decided it was time for a change but he had not yet told Ivanisevic. "I couldn't win a match. We came to Essen. I practised a lot and lost that day to Sinner. Then we played doubles until 2 in the morning. I lost the match so he said to me, 'OK 6 o'clock practice in the morning'. I said, 'I'm not going to practice because practice or no practice I cannot beat anybody.' Next morning he called me to say he wants to talk to me and I came to his room and he showed me a statement he wrote. I was shocked. I almost got heart attack. Then I was not any more sorry, I knew it's over."

The shock of being on his own seemed to release Ivanisevic from his inhibitions. There was no one to tell him how to play. At last he had to work things out for himself. With his talent allowed free expression, he stunned everyone by winning the

Compaq Grand Slam Cup with its first prize of \$1.825m.

What should he do about a coach? On the trip home from Munich he remembered Vedran Martić, an old friend from his junior days at the Split Club.

He contacted him and the new partnership enjoyed immediate success. Ivanisevic reached the final in six of his first seven tournaments this year and won the four titles in Zagreb, Dubai, Milan and Rotterdam to lift his career tally to 16. It was the most consistent spell of his career.

As he reflected on that period, Ivanisevic's eyes were dancing. He says: "It's great. We have so much fun. We practice serious, we sometimes have fun on court. We play lots of shots I didn't play too much before and that's why I'm hitting those balls much better - especially forehands down the line which I used before every fifth month... now I am using a lot. With this new coach I improved a lot of those little shots which I missed before."

"I know what is my priorities... I am more focused. I am more calm on the court - everybody is surprised how calm I am. Most of all I'm

enjoying myself, that's why I'm playing better," says Ivanisevic.

There is no doubt who is responsible for the change.

"Everyone asks if Vedran is my brother. They say 'You look the same'. But he is my brother, my coach, my friend, everything. A lot of coaches they are just there because they are paid to be there. I didn't want a coach like that. I think for good relations you have to be good friends which I manage to be with Bob, his wife and his kids these 4 years and with Vedran I was friends for 15 years so that's helped."

Despite the blistered left foot which contributed to Ivanisevic's defeat at the French Open after three fruitless rounds, he will be regarded in the locker room as the man most likely to topple Pete Sampras from his Wimbledon throne in the next two weeks.

With Martić and Daniela Mihaljevic sitting at court-side, plus the greatest left-handed serve in the history of the game, vastly improved groundstrokes and a new outlook on life, Ivanisevic has all the aces. If he plays his cards right he will at last walk off with a Grand Slam title.

Peter Aspden

Wolf Man exposed



It seems there is the mother of all academic rows - or perhaps that ought to be phrased more delicately - developing over the explosive founder of psychoanalysis, Sigmund Freud.

An exhibition which was due to celebrate the centenary of the founding of the discipline at Washington's Library of Congress has had to be postponed until 1998 after protests from those who believe his ideas to be fatally discredited.

The row has passed largely unnoticed in Britain, but French and American academics have been hurling allegations back and forth with furious abandon. This is hardly surprising. French intellectuals have always considered it chic to send pompous petitions around the world, while their American counterparts earnestly engage in whatever debate happens to be going.

Moreover, it is these two nations which have most enjoyed, if that is the right word, the great man's legacy. It is in French universities that psychology has spawned its most distinguished theoreticians, while Americans are never happier than when practising the opaque arts of analysis.

But forget for a moment these rarefied spats. Freud's vocabulary is in any case deeply embedded in our collective conscience.

Our everyday conversation is littered with casual references to repression, desire, neurosis, narcissism. We pronounce people we hardly know as anally repressed, as if they had a touch of flu. Freudian slips, phallic symbols, the glib interpretation of a troubling dream: all have become common currency in our attempts to understand ourselves.

But what if it is all based on a mistake? The protesters who have campaigned for the Freud centenary exhibition to be postponed believe much of the man's work to be so scientifically unsound as to be virtually worthless. More specifically, they are demanding the lifting of an embargo which prevents some of the Freud archives from being viewed until well into the next century.

These archives, they claim, contain crucial evidence that the discipline of psychoanalysis was fundamentally flawed in its conception. In his detractors' eyes, Freud was a ruthless opportunist who did not hesitate to distort evidence in support of his theories. His work might have held a superficial appeal for his vitality, but it was bad science. The implication is - should we really be celebrating at all?

But whatever the details of Anna O. Dora, Wolf Man and the rest of Freud's startling cast of characters, even his detractors admit that Freudianism's hold on modern sensibility is very strong indeed. So some kind of explanation is needed. Why have we all fallen for it?

It is surely something to do with the awfulness of the times in which we live. Freud knocked at the door of the 20th century with a message we did not want to hear - that our impulses were sometimes primitive, base, atavistic; and that sometimes they caused us to perform hideous acts. We did not want to hear because we were shrouded in the semi-divine myths of Romanticism and the Enlightenment. Just keep listening to Mozart, and celebrate all that is great about mankind.

But Freud turned Cherubino from a harmless cross-dresser to a seething bundle of psychosexual contradictions. Along with his cohorts, Marx and

Freud turned Cherubino from a harmless cross-dresser to a bundle of psychosexual contradictions

Nietzsche, he darkened the palette from which humanity's portrait would be painted.

And as the century wore on, we found it increasingly difficult to discover any brighter hues: the first world war, the concentration camps, ethnic cleansing, child abuse, terrorism. There must have been some terrible, hidden reason that man could do this to fellow man: and Freud had provided at least a plausible account.

In truth, many of Freudianism's least convincing aspects are already ridiculed by the general population. In its journey from Viennese leather couch to Californian palm tree, the more dubious rituals of psychotherapy have ventured beyond parody. Witness popular culture's favourite practitioner, television's Frasier Crane, who is so bound in jargon and pomposity that he cannot make a relationship work for longer than five minutes.

Freud himself pronounced psychoanalysis to be "an impossible profession"; he also confessed that he could do no more with his patients than turn neurosis into "common unhappiness". He is, whatever his critics allege, the undisputed father of an uncommonly sad century.



James Morgan

Eurosceptics and the truth

Why there was stiff competition for this year's Bretherton Prize

The Bretherton Prize committee had an immensely tough job this year. Russell Bretherton was the British diplomat who attended the Messina conference in 1955 which ushered in a European common market. He lured at the time that there would be no agreement, and if there were, it would not be ratified and if ratified, it would not work. History in the end got it wrong, but the prize that is given annually in Bretherton's memory goes to whomever gives the best account of the so-called "European project". The choice was unusually tough this year because of the wealth of candidates who proved that the EU had no

achievements to its credit and existed solely to wipe out British sovereignty and beef. But in the end the prize went to *The Spectator* and its editorial of a week ago entitled "The European Mind". It had the authentic Brethertonian touch - a perfect understanding of the delusions which affect those who believe the European dream and the knowledge that only British sceptics possess that understanding. The central tenet of this magisterial thesis was neatly encapsulated: "The continental west Europeans believe that they are prosperous, and at peace with one another for a longer time than any in their previous history, because they formed, first, the Common

Market and then the European Union. "British Eurosceptics point out that Germany, France and Italy and the Low Countries were already more prosperous than they had ever been before the Common Market was formed. As for peace, France, Germany and Italy stopped warring with one another because of a common danger: the Soviet Union." This reflects Bretherton's view, contradicted only by the facts, that no significant moves towards integration took place before the common market was formed. There is a minor problem in that France, Germany and Italy started a second world war even though the Soviet Union was seen as dan-

gerous by many in charge of those countries. Once again, history failed the test. The rest of the piece showed how British Eurosceptics could come to terms with the pathological inability of their neighbours to recognise the truths which are so blindingly obvious on the British side of the Channel. Sympathy tinged with contempt is the answer. Such insights do not always enjoy the recognition they deserve outside Britain. This has been spotted by Helmut Allesswiser who runs the Allesswiser-Stiftung, a foundation which undertakes research in European politics. Recent studies include: Public Administration - The Foundation of the Italian Economic

Miracle; Cost Control in France; and The English Way to Animal Husbandry. By coincidence its latest survey is entitled *The British Mind*. Here is an important section: "The popularity of the multinational billionaire Sir Jimmy Goldsmith among the members of the so-called Eurosceptic Conservative party comes as no surprise. In his recent book, *The Trap*, Sir Goldsmith calls for the creation of a Fortress Europe which will put an end to the job-destroying imports of cheap 'Yellow-Peril' products that are so undermining of European industry and civilisation. It was the Conservative party that tried to put an end to Manchester Free Trade prin-

ciples at the turn of the century under the leadership of Joe Chamberlain, whose son was so close to Hitler." Allesswiser concludes: "The favouring of inner-European trade, the single market and the all-encompassing, Goldsmith-inspired opposition to the single currency, is typical of English pragmatism. It is up to us Continentals to understand this phenomenon and come to terms with it." Allesswiser may seem to be a mirror image of *The Spectator*, but of course there is no mirror image of omniscience. Allesswiser does not, and could not, exist. James Morgan is BBC World Service economics correspondent.

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■ Last week's preliminary results

Company	Year	Pre-tax profit (\$100)	Earnings* per share (\$)	Dividends per share (\$)
Walden Printing	PP&P Apr.	7,705 (3,258)	53.35 (20.8)	5.85 (2.34)
Walden Resources	Share 198	4,100 (4,100)	15.1 (14.9)	3.25 (3.05)

Aluminum	Ala	1980	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	1981	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	1982	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	1983	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	1984	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	1985	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	1986	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	1987	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	1988	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	1989	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	1990	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	1991	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	1992	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	1993	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	1994	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	1995	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	1996	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	1997	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	1998	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	1999	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2000	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2001	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2002	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2003	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2004	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2005	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2006	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2007	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2008	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2009	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2010	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2011	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2012	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2013	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2014	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2015	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2016	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2017	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2018	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2019	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2020	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2021	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2022	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2023	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2024	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2025	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2026	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2027	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2028	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2029	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2030	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2031	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2032	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2033	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2034	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2035	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2036	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2037	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2038	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2039	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2040	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2041	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2042	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2043	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2044	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2045	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2046	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2047	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2048	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2049	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2050	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2051	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2052	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2053	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2054	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2055	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2056	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2057	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2058	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2059	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2060	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2061	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2062	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2063	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2064	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2065	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2066	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2067	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2068	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2069	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2070	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2071	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2072	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2073	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2074	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2075	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2076	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2077	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2078	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2079	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2080	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2081	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2082	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2083	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2084	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2085	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2086	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2087	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2088	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2089	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2090	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2091	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2092	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2093	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2094	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2095	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2096	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2097	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2098	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2099	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2100	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2101	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2102	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2103	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2104	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2105	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2106	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2107	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2108	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2109	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2110	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2111	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2112	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2113	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2114	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2115	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2116	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2117	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2118	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2119	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2120	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2121	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2122	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2123	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2124	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2125	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2126	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2127	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2128	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2129	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2130	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2131	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2132	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2133	25,120	3.2	16.9	7.5	19.5		
Aluminum	Ala	2134	25,120	3.2	16.9	7.5			

General Electric	1977	Med	2,220	2,015	1,119	0.75	0.75
General Motors	1977	Med	1,485	1,714	1,000	0.65	0.65
General Electric	1978	Med	2,220	2,015	1,119	0.75	0.75
General Motors	1978	Med	1,485	1,714	1,000	0.65	0.65
General Electric	1979	Med	2,220	2,015	1,119	0.75	0.75
General Motors	1979	Med	1,485	1,714	1,000	0.65	0.65
General Electric	1980	Med	2,220	2,015	1,119	0.75	0.75
General Motors	1980	Med	1,485	1,714	1,000	0.65	0.65
General Electric	1981	Med	2,220	2,015	1,119	0.75	0.75
General Motors	1981	Med	1,485	1,714	1,000	0.65	0.65
General Electric	1982	Med	2,220	2,015	1,119	0.75	0.75
General Motors	1982	Med	1,485	1,714	1,000	0.65	0.65
General Electric	1983	Med	2,220	2,015	1,119	0.75	0.75
General Motors	1983	Med	1,485	1,714	1,000	0.65	0.65
General Electric	1984	Med	2,220	2,015	1,119	0.75	0.75
General Motors	1984	Med	1,485	1,714	1,000	0.65	0.65
General Electric	1985	Med	2,220	2,015	1,119	0.75	0.75
General Motors	1985	Med	1,485	1,714	1,000	0.65	0.65
General Electric	1986	Med	2,220	2,015	1,119	0.75	0.75
General Motors	1986	Med	1,485	1,714	1,000	0.65	0.65
General Electric	1987	Med	2,220	2,015	1,119	0.75	0.75
General Motors	1987	Med	1,485	1,714	1,000	0.65	0.65
General Electric	1988	Med	2,220	2,015	1,119	0.75	0.75
General Motors	1988	Med	1,485	1,714	1,000	0.65	0.65
General Electric	1989	Med	2,220	2,015	1,119	0.75	0.75
General Motors	1989	Med	1,485	1,714	1,000	0.65	0.65
General Electric	1990	Med	2,220	2,015	1,119	0.75	0.75
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General Electric	1991	Med	2,220	2,015	1,119	0.75	0.75
General Motors	1991	Med	1,485	1,714	1,000	0.65	0.65
General Electric	1992	Med	2,220	2,015	1,119	0.75	0.75
General Motors	1992	Med	1,485	1,714	1,000	0.65	0.65
General Electric	1993	Med	2,220	2,015	1,119	0.75	0.75
General Motors	1993	Med	1,485	1,714	1,000	0.65	0.65
General Electric	1994	Med	2,220	2,015	1,119	0.75	0.75
General Motors	1994	Med	1,485	1,714	1,000	0.65	0.65
General Electric	1995	Med	2,220	2,015	1,119	0.75	0.75
General Motors	1995	Med	1,485	1,714	1,000	0.65	0.65
General Electric	1996	Med	2,220	2,015	1,119	0.75	0.75
General Motors	1996	Med	1,485	1,714	1,000	0.65	0.65
General Electric	1997	Med	2,220	2,015	1,119	0.75	0.75
General Motors	1997	Med	1,485	1,714	1,000	0.65	0.65
General Electric	1998	Med	2,220	2,015	1,119	0.75	0.75
General Motors	1998	Med	1,485	1,714	1,000	0.65	0.65
General Electric	1999	Med	2,220	2,015	1,119	0.75	0.75
General Motors	1999	Med	1,485	1,714	1,000	0.65	0.65
General Electric	2000	Med	2,220	2,015	1,119	0.75	0.75
General Motors	2000	Med	1,485	1,714	1,000	0.65	0.65

pro forms, §§ Comparative for 4 months. ♡ Excludes special & after share consolidation. ★ Comparative for 57 weeks. ‡ Comparative pro forms. † 15-months to Mar 31. 53-week figures. ‡‡ Includes interim paid as foreign income dividend. / Comparative for 8 months. ‡‡‡ Includes foreign income dividend. ‡‡‡ Includes 1.18p final from Rebus.

ults. The announcement is unlikely to affect the company's share price because biotechnology companies' valuations depend on the progress of drugs in clinical trials — good news increases the value of the stock, bad news a good deal less. The company is a good seller — rather than the result of losses incurred in research.

British Biotech is likely to now a pre-tax loss of about

written-down of almost 58m.

FRIDAY: *Loumbo investors* are hoping interim results will be accompanied by new moves to achieve its planned withdrawal from platinum production.

MONDAY: The plans to merge them with rival producer Impala were blocked by European competition authorities. Some analysts predict a demerger if Impala's appeal to the

produce a rise or profit 1 percent in pre-tax profits to about \$10 million by the year to March 31, after an exceptional growth in ventures which had been expected to lift pre-tax profits from \$63m into the \$90m-\$98m range.

Directors' dealings

The largest purchase was at early Oil & Gas where three directors, including the chief executive, John Wabnsley, and the finance director, John de la Haye, bought 44,397 shares between them at 240p-245p, writes Vivien MacDonald *The Inside Track*.

There was an interesting story at the small media group, Accepta, where Graham Green, chief executive, bought 100,000 shares at 18.5p to take it as he holds to just over 100,000. This follows final results at the end of May which showed a return to profit and a confident statement by the chairman.

There was another big sale at Manchester United Football Club. Martin Edwards, chief executive, sold a further 2.2m shares at 450p and was joined by Robin Launders, finance director and Edward Watkins, who sold 390,837 shares between them also at 450p. This profit-taking followed the big rise in shares having enjoyed recently.

10:00 10:30 11:00 11:30 12:00 12:30 1:00 1:30 2:00 2:30 3:00 3:30 4:00 4:30 5:00

450
400
350
300
250

10:30
BID \$300.00
ASK \$300.25
at 10:30p

4:30
BID \$450.00
ASK \$450.25
at 4:30p

150
120
Jul 1994 95 95 Jun
Scoride The Inche Trach, Edinburgh
*Non-executive

■ **Flightless terns**

owia Group is to raise £180m via a 1-5 rights issue @ 35p.
 ranTee is to raise £27.8m net via a 5-6 rights issue @ 100p.

■ **Extra new sales, placements & introductions**

is to raise £500,000 via an institutional placing @ 280p.
 select Appointments is to raise £24.8m via an open offer of 9.9m new shares.
 ardon is to raise £26.4m via a placing and 3-10 open offer @ 118p.
 opeste Group is to raise about £5m net via a placing.

though, within its underlying concept, broadly defined. Who knows what MMM or American Home Products make? *They make money!*

Weekend Investor

Wall Street

Lost in cyberspace with a Motley Fool

Lisa Bransten hears the electronic cries for help as technology takes a tumble

A desperate plea bounced through cyberspace on Tuesday as shares in Iomega, the US computer disk drive company, slid by 10% to \$28.50 for no apparent reason. "Is there reason for concern here that some of us don't know about? HELLO!!!"

That cry, put out over the Motley Fool online investment site on America Online, was echoed across Wall Street as technology shares continued the tumble that sent the Pacific Stock Exchange technology index 7 per cent lower so far this month. By early Friday, the Nasdaq composite, which is about 40 per cent technology shares, had lost about 6.5 per cent from its record high set on June 5.

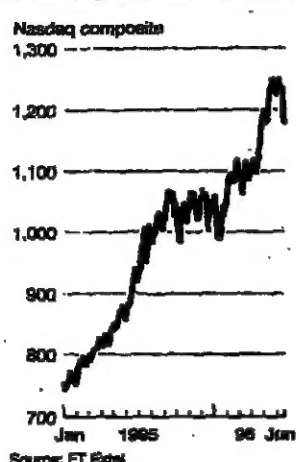
Despite a modest bounce in the Nasdaq by midday Friday, a large chunk of the gains made over April and May had been all but erased while indices of larger capitalisation shares managed to hold their ground. That marked a reversal of the trend in April and May, when the Dow Jones Industrial Average crept up just 1 per cent and Standard & Poor's 500 added 4 per cent, while the Nasdaq gained 13 per cent.

In some respects, Iomega is different from other technology companies in that it has attracted a cult-like following known as the Iomegans, who visit the Motley Fool online site regularly and are widely believed to have contributed to the company's astronomical valuation. As of early on Friday, shares in the company were trading for nearly 100 times annualised earnings, well off its mid-May valuation of 160 times earnings.

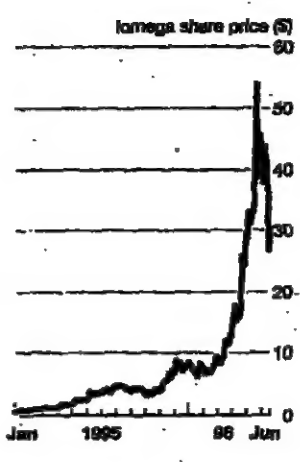
But Iomega is far from being the only hot technology stock with a triple digit price/earnings ratio and, like the others, it has benefited from momentum investors and vast inflows to mutual funds focused on technology and smaller capitalisation companies. As if the prove that inflows to small cap funds are getting out of hand, mutual fund company T. Rowe Price closed its New Horizons small cap fund, to new investors on Tuesday because it was getting more money than the managers could invest. Flows reached an average of \$10m a day in May, \$700m in the first five months of this year compared with \$267m for all of last year.

To some the closing is an

Pulling off the froth?



Source: FT Data



Source: FT Data

ominous sign: New Horizons, which was founded in 1960 and is considered the "granddaddy of small cap funds" has only been closed twice before - 1987 and 1972 - just as the market entered a bear phase.

But Steven Norowitz, a T. Rowe spokesman, says that in the past the fund was closed because small cap stocks were considered overvalued. This time, he says, "we still think there's some attractive growth in that area but we couldn't invest the money as fast as it was coming in."

Part of the reason for this week's setback may be that the gusher of new money is slowing. According to AMG Data Services, which tracks mutual fund flows, there were net redemptions of \$69m in technology funds and \$112m in small cap funds for the week ended in Wednesday. That marks a sharp reversal of the average inflows of about \$170m and \$1.1bn into tech and small cap funds respectively near the end of May.

Also, a spate of warnings about weak quarterly earnings from technology companies worried investors about whether their shares could hold on to their astronomical valuations.

For example, Read-Rite, which makes components for personal computers, rattled the PC sector on Wednesday by announcing that it expected earnings to drop in its third quarter because some of its customers had cut or rescheduled product deliveries. On Thursday, Advanced Micro Devices, which makes microprocessors, warned that it expected to make a second quarter loss in part because of

falling prices on some memory chips.

All of this may be a healthy retreat of an overvalued sector, say analysts. "It is pulling off the froth and the excess," says Lasso Birny, president of Birny Associates, an equity research firm. "It may be indicative of some of the illogic being squeezed out of the market."

L. Keith Mullins, director of smallcap research at brokerage Smith Barney, says a correction of as much as 15 per cent is not unlikely because the volatile stocks tend to swing wide of equilibrium in both directions. "The reason the stocks are off so hard is that they had gone up so fast and there was a lot of greed built into the valuation," he says. "It's just a gravitation back to the mean."

These nerves have not hurt companies that have managed to keep up with the high expectations of investors. On Friday, shares in Oracle jumped nearly 6 per cent after the software company announced earnings that were 2 cents a share ahead of analysts estimates.

And, if the chatter on Motley Fool is to be believed, it certainly has not scared off Iomegans. By midday Friday the shares had rebounded to \$30.40, and there was much bragging in the chat rooms that the slump had been used as a buying opportunity.

Dow Jones Ind Average
Monday 5,652.76 + 3.33
Tuesday 5,625.91 - 26.87
Wednesday 5,648.35 + 20.32
Thursday 5,659.43 + 11.08
Friday

London

Jazza out-jinks the Guv'nor

Philip Coggan is concerned for our traditional game

Well, you join us at an exciting stage of the Euro stock markets '96 tournament, with the United Kingdom facing yet another tough challenge.

"Yes, Brian. It's been yet another poor performance so far from the British team. By June 14, the FTSE 100 Acquires UK index was up just 2.5 per cent on the year, compared with a 10.6 per cent rise in Germany, 15.4 per cent from the Netherlands and a flamboyant 16.7 per cent from the Spaniards."

"Just what has been happening to our traditional game of making money, Trevor? Didn't the whole stock market business get developed in the UK?"

"It's certainly one of our great sports, Brian. But the press have really been getting at our team, saying that our corporate chief executives and City professionals are overpaid. And there are even reports that share traders go out drinking during the day."

"I find that hard to believe. It's got to raise questions about the manager's leadership."

"Yes, he's been dogged by the sleaze factor all through his stewardship. And some people think he's over-dependent on his star player, Ken 'Jazza' Clarke."

"Well, Trevor, the lad is certainly overweight and he's been pictured in the press enjoying a pint and tapping his feet to some Chris Barber standards. But he does have some crowd-pleasing skills."

"I think everyone will remember that moment of magic two weeks ago when he sidestepped Eddie George, the iron man midfielder nicknamed 'The Guv'nor', and made the crowd roar with an interest rate cut."

"Quite remarkable, Trevor. But is he getting too old and slow? It certainly does not look like he can pull off his traditional tax-cutting tricks."

"No, Brian, this week's numbers on the public sector borrowing requirement were dis-

appointing. The deficit was \$3.2bn in May, or \$4.3bn if you exclude the proceeds from the privatisation of Railtrack. It looks like the government is going to overshoot its \$22bn forecast for the year. A tax cut might be an own goal."

"That wasn't the only surprising statistic of the week. Retail sales fell by 0.1 per cent in May, when everybody was expecting them to rise. What with the weak Confederation of British Industry survey yesterday, the engine room of the UK team is looking like it's run out of steam."

"Yes, Brian, and as if they didn't have their own problems, the team faces a real threat in this tournament from Germany."

"I couldn't agree with you more, Trevor. The weakness of the German economy has been hampering our exporters but, having said that, this week's M3 money supply figures were so strong that I don't think the Bundesbank will allow a rate cut. Falling interest rates are



Confounding: can the UK market rally like the England team?

one of the factors that really motivates these markets."

"And what about the threat from the US? There have been some worrying developments there, which we can hear about from Jimmy in the studio half time report."

"Thank you, Trevor. Our half time statistic comes from David Schwartz, the author and publisher of the Schwartz Stock Market Handbook. He points out that the S&P 500 index fell for eight trading sessions in a row up to Wednesday. That has only happened since 1935. Four of those occasions were at the end of bear markets and 11 of the others were associated with a significant downturn."

"The UK team tends to struggle when the news is bad from across the Atlantic. So it does not look good for the second half of the year. Now over to Alan for the transfer news."

"Thanks, Jimmy. Well, it's good news for Scotland for a change. The Scottish Power team secured the services of Southern Water in a £1.67bn transfer deal this week. Their offer was just too much for a rival bid from Southern Electric. But why didn't the water company put up more of a fight? It's just terrible, terrible defending. In my day..."

"Yes, er, thank you, Alan. Takeovers certainly bring money into the game and the markets will be hoping for some more deals over the summer. But now back to the stadium where Brian and Trevor are looking ahead to the second half of the year."

"Welcome back. Despite an unpromising start to the tournament, investors will be

cheering on the UK market and hoping it can outperform the Europeans from now on."

"Like Spain?"

"Exactly, Trevor. But I am a bit worried about the 4-4-2 formation."

"Yes, a dividend yield of less than 4 per cent, a real yield on index-linked gilts of nearly 4 per cent, and a bond-equity yield ratio of over 2. Those statistics don't make the market look cheap."

"Can't be good news for the manager. There are plenty of rumours that he'll shortly be replaced with a fresh-faced young Christian with a reputation for disciplinary methods - Tony 'Hodde' Blair."

And maybe the team will do better without him. Tony is rumoured to like the more sophisticated continental style, with their advanced concepts such as monetary union."

"Yes, but it's a game of two halves, Trevor. Gilts would be over the moon if the UK joined up for EMU but equities would be sick as a parrot about Tony's proposals for a minimum wage, acceptance of the Social Chapter and, possibly, a less favourable tax treatment for dividends."

"But some people still hope that, if the current manager can pull off a winning performance in Europe, he will have to be given another term."

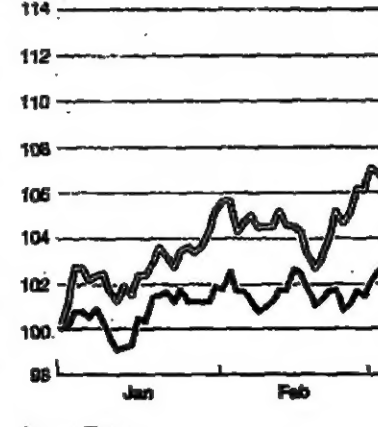
"It's wide open, Trevor. But what's happening now? There seems to be some activity amongst the crowd."

"Yes, Brian. Some people have reached the bottom of the page. They think this article's all over."

(It is now. Ed.)

Losing to the Euros in '96

Rebased 1/1/95=100



Source: FT Data

Highlights of the week

	Price	Change	52 week	52 week
	1/1/95	on week	High	Low
FT-SE 100 Index	3722.3	-31.3	3857.1	3282.7
FT-SE Mid 250 Index	4440.7	-23.9	4568.6	3589.7
Cable & Wireless	427	+12	554	405
ERF (Midco)	307	+21	340	175
Granada Group	576	+32	576	595
KCI	613	-29	669	725
JJB Sports	850	+35	886	311
Johnson Matthey	628	-21	684	510
Mersey Docks	378	-33	485	350
Securitor	289	-14	316	288
Slebe	916	+25	919	602
Smiths Industries	685	+14	722	504.4
Southern Electric	715	+30	910	571
Southern Water	1007	+24	1023	593
Unilever	1272	+31	1377	1172.6

Seasonal drift
In step with leaders
Broker 'Jaz' note
Counterfactual hopes
Kleinwort positive
SEW downgrade
Bumper sales figures
Stock overhang
Labour dispute
Profit-taking
US embassy visit
Boeing to lift capex
Share buy-back hopes
Scottish Power bid
Broker recommendations



Barry Riley

French leave for shareholders

La vie du sol may not be all it is cracked up to be

It may be still called Sun Life, but the life insurance company which is to be listed on the London Stock Exchange as from next Monday is subtly different from the Sun Life that disappeared from the market in 1981 after a messy takeover struggle involving Liberty Life, a South African group which eventually dropped out of the picture, and UAP, the big French insurance company.

After all, Sun continues to be a subsidiary of UAP. Like many French companies, UAP is seriously burdened with debt and so is selling off part of the equity of its British subsidiary. Note that it is retaining control: the high valuations in the UK stock market are clearly attractive to the French, but not the market in corporate control that underpins those ratings.

The new Sun Life will therefore be an uncomfortable hybrid in terms of French and British corporate governance practices, although the prospectus gives an assurance that the majority of the board will at all times be independent of UAP.

Continental European practice is to regard corporate control as too important an asset to be at the mercy of mere public shareholders. It is true that even the British government has dabbled with "golden shares" which have for a time given it continuing

rights to block the takeovers of various privatised companies. The French have pursued a different concept of *loyaux durs* (core shareholders), big companies which protect each other.

A good part of the strength of Continental stock markets in recent months - including the near-25 per cent rise in the French market since last October - can be explained by the signs that these protective practices are breaking down and there is at last more hope of extracting underlying "shareholder value". Just how different France remains to Anglo-Saxon eyes became clear this week, however, when the French industry minister Franck Boretta rejected a plan by the troubled appliance manufacturer Moulinex to restructure its activities. A scheme to close two plants and dump 2,100 French workers on to the social security system was described as unacceptable.

Historically, public shareholders have not counted for much in countries such as France and Germany, which is a good reason why there are so few of them - apart from banks, and other corporate investors, who may gain commercial benefits from their shareholdings. So when these countries attempt to privatise massive businesses - such as Deutsche Telekom, due to be floated this autumn

- the shortage of domestic investors implies that there has to be a big participation by foreign shareholders, who will not, however, submit quite so meekly when their interests are ignored.

Nevertheless there is entrenched opposition to Anglo-American "short-termism", involving the

The possibility of New Labour in power has begun to affect investor confidence

permanent threat from prowling predators and constant pressure from investors to feed them with ever-higher dividends. This is not creative tension, say the Continentals, but is destructive of long-term commitments to other stakeholders in society.

Recently, though, the relative buoyancy of the American and British economies, and their evident ability to cope better in a period of rapid change, involving the development of global trading and the introduction of advanced technologies, has put the Continentals on the defensive. Earlier this month

McKinsey, the US management consultants, attacked with a claim that the bracing US business environment leads to much greater capital productivity, and therefore to better financial returns. The US makes its capital work about 50 per cent harder than do either Germany or Japan.

Although the UK has been firmly in the US camp in this debate for many years, the possibility that New Labour - which has dabbled with stakeholder theories - could assume power within the next year has begun to affect shareholders' confidence. This is partly because they fear higher dividend taxes but also because they worry about curbs on takeovers and corporate restructuring.

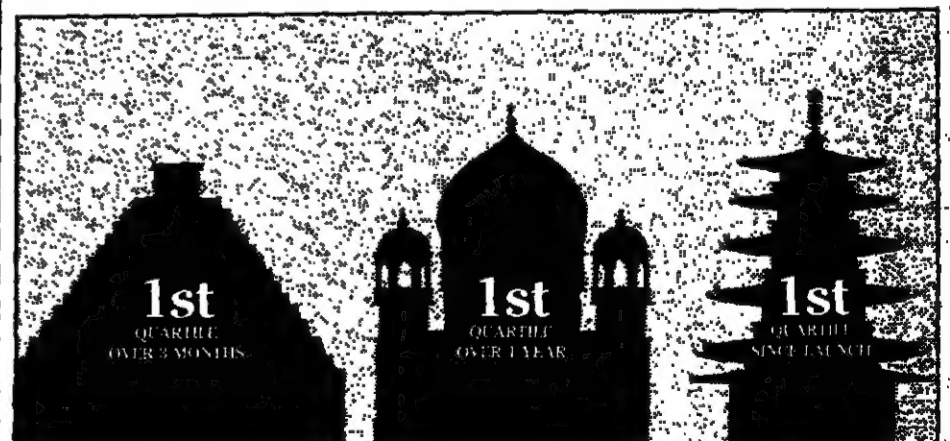
New Labour is, in fact, about to launch a policy document provisionally called *A New Industrial Policy for Britain*, which appears to come out as soon as it can be backed down from 6,000 to 3,000 words.

Brevity is a virtue, but not as great a one as clarity. My briefing this week suggested that there will be a stark contrast between its initial emphasis on voluntary co-operation, and an eventual threat of new legislation - in Year Two rather than Year One of the next parliament. To begin with British companies will be invited to set up optional supervisory boards

which will embrace inclusive stakeholder concepts involving employees, local communities, suppliers and customers. Companies and institutional investors will be invited to observe various codes of conduct, covering aspects ranging from executive pay to the selection of non-executive directors. Pension fund trustees may be expected to use long-term criteria in judging their investment managers.

Investment institutions will be required to vote on all important issues and resolutions, and will be expected to disclose their voting records. If these edicts are not widely complied with, legislation will follow. In fact a new Companies Act is likely to be launched eventually in any case. The question is how the enforcement of practices approved by New Labour will be allocated between the three categories of statute, of formal codes of conduct or of plain exhortation.

The soothing political gloss on all this is that different stakeholders will all be better off if they work together: there need be no clash between shareholder value and stakeholder value. In a fast-growing economy this may indeed be largely true. But when the chips are down and a few thousand workers have to go, not everybody can win. *La vie du sol* may not be all it is cracked up to be.



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